Austria	Sch. 20	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din.0.650	Italy	L 1500	S Arabia	Rls 6.00
Belgium	BFr.45	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 125
Cyprus	C£0.70	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 8.00	Lebanon	£L 8.00	Sweden	Skr 7.00
Egypt	E£1.00	Luxembourg	LFr.45	Switzerland	SFr 2.20
Finland	Fmk 6.50	Malaysia	Rm 4.25	Taiwan	NT $95
France	FFr. 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 250
Greece	Dr 80	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 7.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,901 Friday April 11 1986 D 8523 B

Why cut in oil price went too deep, Page 20

World news

Guinness kidnap demand of $2.6m

Police in Ireland were last night hunting an armed gang who kidnapped a member of the prominent Irish Guinness family from her home outside Dublin on Tuesday and demanded an I£2m ($2.6m) ransom.

A news blackout on the kidnap was lifted yesterday after initial action by the police failed to find Mrs Jennifer Guinness, 48, the wife of Mr John Guinness, a director of the Irish subsidiary of Guinness Mahon bank.

Police in Dublin said it was not clear who was responsible for the kidnapping. It was possibly the work of the Irish Republican Army or other republican groups, they said, but ordinary armed criminals had not been ruled out.

Chirac wins vote

France's new conservative Government headed by Mr Jacques Chirac scraped through with a majority of four on its first vote of confidence in the National Assembly. Page 3

Ambassador recalled

Spain has recalled its ambassador in Libya for consultations on reported threats by Libyan leader Muammer Gadaffi to attack countries housing US military facilities. Page 3

Waldheim row

Mr Rudolf Kirschlager, Austrian President, is expected this weekend to adjudicate in the international row over the war record of Dr Kurt Waldheim, former secretary general of the UN and a candidate in Austria's presidential election. Page 2

Bomb kills three

A car bomb exploded in a parking lot in the main square in the south Lebanese port city of Sidon, killing three people and wounding 34. Page 4

Ten dead in clashes

Sikh extremists and police traded fire in several parts of Punjab, India, leaving 10 dead including two railway guards killed in a train shoot-out.

New wine measures

Italy introduced new measures aimed at preventing any repetition of the wine adulteration swindle that has led to the death of at least 18 people and dealt a heavy blow to the country's exports. Page 3

Manager arrested

Deputy general manager of the Banco di Napoli, Italy's seventh largest bank, was arrested and charged with embezzlement of around L50bn ($31m).

Marcos disclosure

Swiss banks, acting on a request from their supervisory Federal Banking Commission, have disclosed whether they are holding assets of ousted Philippines President Ferdinand Marcos.

Farmers to protest

West Germany's farmers' association said it planned nationwide protests against EEC agricultural policy and to underline demands for an emergency programme to bolster falling incomes.

Delors in Portugal

EEC Commission President Jacques Delors arrived in Lisbon on his first official visit since Portugal became a member of the Community, with no signs of a breakthrough in a trade dispute with the US.

'Marquesa' returns

Spain has paid Pta 900m ($6m) for the 'Marquesa de Santa Cruz' a portrait painted by Francisco de Goya in 1805 which left the country three years ago on an allegedly forged export licence and was due to be auctioned in Christie's spring sale. Page 2

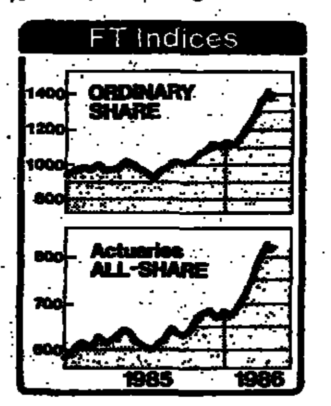
Business summary

German banks advance strongly

COMMERZBANK, a leading West German commercial bank, made a strong start in first two months of 1986 after record group operating profits of about DM 1.5bn ($641m) last year. Berliner Handels- und Frankfurter Bank raised partial operating profit sharply in the first quarter. Page 23

IRISH prime rates were cut 3 percentage points to 12.5 per cent following Monday's reduction in key lending rates by the central bank.

WALL STREET: at 2pm the Dow Jones industrial average was 13.05 higher at 1,791.67. Page 42



LONDON: Stocks surged on optimism of a further cut in interest rates. Gilts were mixed. The FT Ordinary share index jumped 25 to 1,401.5 and the FT-SE 100 staged its biggest rise since compilation to end up 31.3 at 1,690.3. Page 42

TOKYO: Prices moved sharply higher towards the close. The Nikkei average gained 93.99 to 15,203.57. Page 42

DOLLAR was little changed in London, rising slightly to SFr 1.9515 (SFr 1.9510) and falling to FFr 7.4275 (FFr 7.4325) and Y179.2 (Y179.85). It was unchanged at DM 2.334. On Bank of England figures the dollar's exchange rate index rose to 119.6 from 119.5. Page 37

STERLING lost 5 points against the dollar in London to $1.4645. It was also weaker at DM 3.4175 (DM 3.42), FFr 10.8775 (FFr 10.8875) and Y262.5 (Y263.5), and was unchanged at SFr 2.8575. The pound's exchange rate index rose to 75.9 from 75.8. Page 37

GOLD rose $2.00 an ounce on the London bullion market to $338.25 and was 15 cents lower in Zurich at $338.10. Page 36

BANK OF ENGLAND acted to dampen expectations of another cut in British interest rates. Page 22; Money Markets, Page 35

BUNDESBANK is turning over DM 12.65bn ($5.4bn) in profit to the West German government this year – down on the record DM 12.9bn it paid last year but slightly more than the Finance Ministry had expected. Page 3

EUROPEAN Commission probe of proposed merger of Distillers and Guinness, British drinks groups, has been given new impetus by a complaint by Argyll, which has mounted a rival bid for Distillers, that the Guinness plan would breach EEC competition rules in the malt whisky sector. Page 27

INTEL, US semiconductor group, reported net loss of $22m, or 19 cents a share, in the first quarter, against net income of $11m in the 1985 period. Page 23

MOTOROLA, US semiconductor and electonics group, lifted first-quarter net profits to $45m on sales of $1.33bn from $41m on sales of $1.32bn a year earlier.

CHEMICAL New York, parent of Chemical Bank, made first-quarter profits of $102.6m against $89.7m in the same period a year earlier. Other US bank results, Page 23

BOUYGUES, French construction group, offered to buy outstanding shares in rival Screg, in which it holds a 30.6 per cent stake.

EAST ASIATIC, Danish manufacturing and trading conglomerate which controls 122 companies worldwide, is planning a one-or-two rights issue to raise DKr 765m ($89m). Page 23

FINANCE MINISTERS EXPECT FURTHER RISE IN VALUE OF YEN

IMF optimistic on outlook for world economy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT IN WASHINGTON

FINANCE MINISTERS of the main industrial nations are expecting a further rise in the value of the yen against other major currencies, Mr Nigel Lawson, Britain's Chancellor of the Exchequer, said yesterday.

Mr Lawson, speaking at the half-yearly meeting of the International Monetary Fund's Interim Committee, said that the ministers also expected renewed reductions in interest rates to reflect the improved outlook for inflation.

The Interim Committee, which includes representatives from 24 industrial and developing nations, gave a relatively upbeat appraisal of the outlook for the world economy.

The committee, which agreed to explore the possibilities for enhanced co-operation between industrial countries in setting economic policies, welcomed the prospective reduction of the US budget deficit and the fall in the value of the dollar against other currencies.

In a thinly veiled reference to the recent slowing of Japan's economy it said that those nations with minimal inflation and large trade surpluses could now adopt more growth-oriented policies in the short term.

Mr Lawson said that there was general agreement between the industrial nations, with the exception perhaps of Japan, that the yen needed to appreciate further to curb the huge Japanese current account surplus.

In recent weeks the Japanese authorities have indicated that they would like to stabilise the yen at close to its present level, but Mr Lawson said he would be "surprised" if it did not appreciate further. Japan, he said, would benefit by more than most other economies from the collapse of the oil price.

He also gave an optimistic view of the outlook for interest rates, despite indications at the meeting that West Germany is reluctant to lead another round of concerted reductions.

Mr James Baker, the US Treasury Secretary, was keen for a further lowering in borrowing costs and, although the timing was uncertain, there was likely to be scope for such a move, Mr Lawson said.

The Interim Committee said that the fall in interest rates and the prospect that the process would continue had with the change in the pattern of exchange rates since last year signficantly improved the outlook for the world economy.

The committees communiqué endorsed the case-by-case strategy towards the debt crisis contained in the initiative launched by Mr Baker.

It stressed the need for continued and co-ordinated financial support from both official agencies and commercial banks for heavily-indebted countries which were underaking economic adjustment programmes. It also welcomed the willingness of many industrial countries to resume export credit cover for such developing nations.

The attempts to further co-ordinate policy in the industrial countries will focus on the enhanced role for the IMF in "surveillance" to try to ensure consistent stances between different nations. The fund's executive board will also explore the possibilities for the establishment of "objective indicators" for the main economies, and will report back in the autumn.

These indicators, or policy goals, would set a medium-term framework for the world economy

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Peru's war of words, Page 5

US studies greater World Bank role for Japan

By Stewart Fleming in Washington

THE US is considering potentially far-reaching changes in the shareholdings and voting power of the nations which own the World Bank, give the Japanese a bigger say in the Bank's affairs, according to officials at the Interim and Development Committees of the Bank and the International Monetary Fund (IMF).

Japan says it must be given a bigger stake in the World Bank if it is to maintain its share in the financing of the International Development Association (IDA), the Bank agency which provides funds for the world's poorest countries.

The Japanese stake in the IDA is 18.7 per cent, but it holds only 5.19 per cent of the World Bank's capital. The US is the largest World Bank shareholder with 20.9 per cent, Japan is second and West Germany third with 5.17 per cent.

Behind the wrangle over sharing the burden of financing the poorest countries through the IDA, lie some far-reaching issues.

It is generally accepted that the only way to accommodate a significantly bigger Japanese shareholding in the World Bank would be for the US to surrender some of its shares. But if US voting power were to fall below its current level of 20 per cent Washington would lose its

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Westpac buys most of Johnson Matthey Bank

BY DAVID LASCELLES IN LONDON

THE Bank of England has found a purchaser for Johnson Matthey Bankers, the bullion bank it rescued from near collapse 18 months ago.

Westpac, Australia's largest bank, is to buy the business at a price which the Bank says will enable it to recover the £100m ($146m) it had to invest in JMB to keep it going. However, the Bank and the two dozen UK banks which clubbed together to help cover JMB's huge loan losses, could still lose as much as £50m under an indemnity agreement.

Westpac emerged as the winner in a bidding contest arranged by Baring Brothers, the UK merchant bank, in which more than two dozen banks were whittled down to three, all foreign. The Australians have agreed to pay £17.5m over the net worth of the business they are acquiring. This worth has yet to be finally established, but Westpac said last night its total investment in its new acquisition would amount to some £67.5m.

The business being sold includes JMB's bullion, treasury and foreign exchange operations, none of which contributed to JMB's downfall which was due to imprudent lending. Westpac is also buying a small portion of the healthy part of the loan book, which consists mainly of property loans, as well as JMB's commodity operations in Hong Kong and the US, and its Jersey banking subsidiary.

The assets amount to some £900m, most of it bullion and money market deposits.

The Bank of England will be left with the rump of JMB's troubled loan portfolio, which has been written down to £25m but from which it hopes recover more than that sum. It will also have some smaller JMB subsidiaries which will be sold, and a negligence claim against Arthur Young, the accounting firm which gave JMB a clean bill of health only three months before it ran into a crisis in September 1984.

The Bank has already sold two small JMB offshoots for £7.3m and hopes its total recoveries from the disposals will amount to some £105m, which would cover the £100m capital injection and other expenses.

However, there are still about £50m of JMB's loan losses which will have to be borne half by the Bank and half by the indemnity group under an emergency arrangement made shortly after the rescue. Although this is considerably less than the £150m originally estimated, it does mean that the Bank could emerge £25m the poorer from the whole JMB affair. For the other banks, the cost could be about £1m apiece.

The remaining business of JMB will be transferred to a new entity to be known as OldCo which will occupy premises owned by the Bank in The Minories. The name John-

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Lex, Page 22

Nevada N-test staged despite Soviet offers

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US yesterday went ahead with a twice-postponed nuclear test in the Nevada desert which was expected to lead to an end to the Soviet Union's eight-month-old unilateral testing moratorium. Mr Mikhail Gorbachev, the Soviet leader, has said that Moscow would resume testing as soon as the US conducted its first such underground explosion after March 31.

The official Soviet newsagency, Tass, immediately condemned the test as evidence of Washington's "criminal contempt" for world opinion.

Yesterday's test took place just after dawn, 93 miles north west of Las Vegas, at a depth of 1,300 feet. The relatively small blast of less than 20 kilotons was apparently designed to assess the ability of American space weapons and warheads to withstand nuclear attack.

The explosion marked Washington's determination to proceed with its testing schedule for new weapons despite repeated Soviet offers to negotiate a comprehensive test ban. The Reagan Administration argues that continued testing is necessary to maintain the reliability and credibility of the US deterrent, and that such tests will have to continue as long as there are nuclear weapons.

The latest test, code-named Mighty Oak, was originally scheduled for Tuesday. It was first postponed until Wednesday and then again until yesterday, mainly for fear that high winds could have carried radiation to nearby communities, according to US officials.

The Energy Department said that only 22 anti-nuclear demonstrators remained on the edge of the testing range, and they had caused no problems.

Suggestions that the test was also delayed for diplomatic reasons have also been denied by the White House. Mr Larry Speakes, the presidential spokesman, has dismissed the idea that it might have been tactless to conduct the test on Tuesday, when President Ronald Reagan received Mr Anatoly Dobrynin; the departing Soviet ambassador

At that meeting, the two sides agreed to press ahead with preparations for the next US–Soviet summit, due to be held in the US later this year. On Wednesday night, however, Mr Reagan told a nationally-televised news conference that June was probably now out as a summit date. The meeting could possibly be held in July, but if not it would have to be after the US mid-term congressional electons in mid-November.

US officials are resigned to the likelihood that Moscow will want to exploit yesterday's test to gain maximum propaganda advantage. They maintain, however, that the Soviet Union will actually be glad of the excuse to resume its own testing, and that plans for the summit are unlikely to be affected.

Elders buys 20% of BHP

BY LACHLAN DRUMMOND IN SYDNEY AND GORDON CRAMB IN LONDON

ELDERS IXL, the Australian brewing and farm services group, yesterday secured nearly 20 per cent of Broken Hill Proprietary (BHP), the country's largest company, in a A$1.6bn (US$1.16bn) stock market raid.

The surprise entry of Elders throws into confusion the A$2bn partial bid for BHP launched on Monday by Mr Robert Holmes à Court's Bell Resources. Bell countered, however, by immediately starting to build a stake in Elders.

It means, in addition, that the £1.8bn (US$2.65bn) bid by Elders for Allied-Lyons of the UK is at least temporarily postponed. Elders would confirm last night only that the funding for the BHP purchases was separate from a £1.2bn bank credit line which remained in place for the Allied bid.

Four weeks ago Elders sold its 6 per cent holding in Allied ahead of a ruling on the bid still awaited from the UK Monopolies Commission.

The Elders market swoop on BHP was by far the largest such manoeuvre seen in Australia, and fuelled buying enthusiasm for a wide range of other issues. Even excluding the activity in BHP, stock market turnover was at a record daily level approaching A$300m. The All Ordinaries index jumped 43.9 points to a new peak of 1,197.7, buoyed by a 74 cent rise in the BHP price.

Elders did not make clear its intentions towards BHP, although Mr John Elliott, its chairman, described the newly gained holding as "long-term" and "a sound strategic share at a good time."

It mopped up an initial 16.6 per cent of BHP on Australian markets at A$7.36 a share. This compares with the A$7.70 which is being offered by Bell for half of each shareholding, and with the average A$6.50 a share which Mr Holmes à Court is estimated to have paid in accumulating a stake of just under 19 per cent over the past year.

A further 38m BHP shares are believed to have been bought in London, representing another 3 per cent of the company and taking Elders close to the 20 per cent level at which Australian securities law requires a full bid to be launched.

In return, Bell began pursuing Elders shares, driving the price up 80 cents to A$4.55 as some 2 per cent of its capital changed hands.

The buying by Elders, viewed by some as protective, has drawn in shares which may otherwise have gone to the Bell offer. Mr Holmes à Court suggested, however, that the removal from contention of a 20 per cent slice of BHP has improved the arithmetic for his offer, which was in danger of breaching a cash ceiling.

BHP, ahead of an emergency board meeting today, confined itself to expressing surprise at the buying.

Hiram Walker court ruling, Page 23; Australian share market, Page 42

Benazir throws down gauntlet

BY JOHN ELLIOTT IN LAHORE

A NEW ERA of political activity was heralded in Pakistan yesterday when several hundred thousand people thronged the streets of Lahore to give a tumultuous welcome home from exile to Miss Benazir Bhutto, 32, leader of the Pakistan People's Party.

The crowd, chanting "Long live Bhuttoism," gave new political respectability to the controversial Bhutto family, despite the excesses of the regime run in the 1970s by Mr Zulfikar Ali Bhutto, Miss Bhutto's late father.

With shouts of "Zia dog," they also started to mount a potentially significant challenge to the regime of President Zia ul-Haq, which introduced a limited form of democracy three months ago after nearly nine years of martial law.

Last night, Miss Bhutto said that she would not take revenge on President Zia for executing her father in 1979. "There will be no bloodbath" she told a huge gathering in Lahore, coining the campaign slogan "Zia Javez" (Zia get out).

The crowds, which some observers put at more than 1m, were the biggest seen in Pakistan for nine years. As the Government-controlled Pakistan Times reminded its readers yesterday with two pages of pictures, massive demonstrations in 1977 led to the fall of the Government of Mr Bhutto in a coup staged by President Zia.

For 10 hours yesterday, the crowds marched, danced and chanted their way through the streets of Lahore. They led Miss Bhutto – who stood on the top of a brightly-painted, slow-moving lorry in a long convoy – watched silently by strategically positioned squads of riot police who had little to do following an agreement between the party and the Government that the day would be peaceful.

People had started to gather in the streets the night before as darkness fell. Crowds assembled around the closely guarded Lahore airport, where Miss Bhutto arrived by Pakistan International Airlines from Europe via Saudi Arabia at 6.30am yesterday.

After some delays over luggage receipts and other formalities, a tense Miss Bhutto climbed with political leaders and some women friends to the top of a lorry for the 10-hour drive. Pakistan is a male-dominated Moslem society and there were scarcely any women in sight yesterday, apart from Miss Bhutto and her friends.

The reception contrasted with Miss Bhutto's return last August to bury her late brother in her home province of Sind, where the crowds, although large, were mainly silent.

Yesterday, slogans and chanting concentrated on denigrating President Zia and the US for supporting him, while praising the memory of

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EUROPEAN NEWS

IEA sees no need for change

By Paul Betts in Paris

ENERGY EXPERTS from the 22 member-countries of the International Energy Agency (IEA) yesterday decided there was no need to change IEA energy policies in spite of the collapse of oil prices.

Mrs Helga Steeg, the IEA executive director, said after the agency's governing board meeting in Paris that member-countries agreed that "no new action in energy policy" was required at present, although the IEA would watch developments carefully.

The IEA estimated that crude oil transactions were now taking place in substantial volume at $15-$16 a barrel under netback or other special price arrangements and that the spot markets reflected only "very thin" physical trading.

IEA officials said spot market trading prices and trading were *much lower than six months* ago with spot quotations for the most frequently quoted crudes ranging between $11.5 and $14 a barrel.

They also said well over half of internationally traded oil was moving at netback or special price arrangements in the $15-$16 a barrel range.

Mrs Steeg said there had been no discussion on the IEA's minimum oil safeguard price of $7 a barrel.

The IEA said in a communique that energy policy could best be achieved through "flexible, open and resilient markets."

It also reaffirmed its existing energy policy aims including energy conservation and efficient use of energy, energy security, diversification of supplies and the reduction of energy trade barriers.

It also stressed the need to maintain adequate stock levels, urging member-countries to take advantage of the current oil market to increase stocks.

President to speak on Waldheim

By Patrick Blum

AUSTRIA'S PRESIDENT, Mr Rudolf Kirschlager, is expected to pass judgment this weekend on the allegations about the wartime activities of Dr Kurt Waldheim, a former secretary-general of the United Nations and a candidate in the Austrian presidential election.

He will be examining files from the UN War Crimes Commission on Dr Waldheim who has been at the centre of an international row over his alleged membership of Nazi organisations and involvement in atrocities in the Balkans.

Dr Waldheim has vigorously denied all the allegations and says he was ignorant of the atrocities until they were revealed recently. However, discrepancies between his official biography and recent revelations about his past have fuelled the row and damaged his credibility.

Mr Kirschlager's task is likely to prove one of the most difficult of his career and his judgment could decide the election outcome. He asked the Australian Government to request the files in a bid to end the controversy which has damaged Austria's reputation.

Pressure has been mounting in Austria for Mr Kirschlager to make a swift judgment. However, the President customarily stands aloof from the political fray and Mr Kirschlager will not relish his task.

The World Jewish Congress has accused Dr Waldheim of deliberately covering up his past and his wartime service as an intelligence officer in the Balkans in a regiment led by a general who was later executed for war crimes.

Bangemann assails Bonn for narrow view towards EEC

BY JOHN WYLES IN CATANIA, SICILY

A SURPRISING attack on the Bonn cabinet for its lack of "European - mindedness" was made yesterday by Mr Martin Bangemann, the West German Economy Minister and leader of the Free Democratic Party.

In a speech to the annual congress here of the European Liberals and Democrats, which groups the EEC's Liberal parties, Mr Bangemann revealed his distress at the ambiguities in West German policies towards the European Community. He spoke of the frustration which a true believer in the European idea can suffer within a national government.

"If you ever have the misfortune to be a minister in a national cabinet you will see how *little* European-minded people can be. Everything is predictated on a national philosophy . . . you have to see how arrogant these people can be. That is why Europe is split up," he said to applause from the more than 250 delegates present.

His outburst may have been encouraged by the Bonn Government's hostility to the European Commission's attempts to discipline spending on the Common Agricultural Policy.

The broadening of political concern throughout the Community at the CAP's excesses has been marked by a amendment to the resolution tabled by the Liberal group in the European Parliament. For the first time, the group has come out in support of the Commission's efforts and has called on the Parliament to take a long-term view of the need to reform the CAP.

Mr Bangemann: Frustration of a true believer

This has delighted British Liberals who have been indulging their traditional taste for scattering amendments to soften the usual free market, non-intervention, low taxation approach of the main congress resolution.

Always to the left of their Continental brethren, they believe that the political balance has swung importantly in their favour with the arrival of the Portuguese Social Democrats. This, and the result of the recent French assembly election, means that Liberals participate in seven EEC governments.

Mr David Steel, the British Liberal leader, devoted his speech to a public meeting last night to the need for the community to develop a stronger foreign policy.

Senior official at Naples bank accused

By Alan Friedman in Milan

A SENIOR official of the Banco di Napoli, Italy's seventh largest bank, was charged yesterday with embezzling about L50bn (£20m). Mr Raffaele di Somma (59), the bank's deputy general manager is accused of having granted loans to several companies *allegedly controlled by the* Camorra, the Naples counterpart of the Sicilian Mafia.

The bank announced yesterday that Mr di Somma, who has worked for it for more than 40 years, has been dismissed.

Mr Di Somma turned himself over to the police in Naples yesterday morning. Arrest warants were also issued for five other suspects, mainly construction company executive alleged to have participated in the embezzlement.

Suspected irregularities at the Banco di Napoli were first uncovered by Bank of Italy inspectors in 1982. They turned over their information to police and state prosecutors.

The Banco di Napoli is the most important in the Mezzogiorno or south of Italy.

Mr Di Somma is accused of granting unsecured loans to companies which then passed the funds on to the Camorra and Mafia for criminal activities.

Spain hails recapture of Goya's 'Marquesa'

By Tom Burns in Madrid

SPAIN IS teeming with Goyas, but the young girl lying on a bed with vine leaves on her head and a lyre in her hand is a special portrait. And Mr Javier Solana, the Culture Minister, announced yesterday that the "Marquesa de Santa Cruz" is coming home.

The "Marquesa" could on no account become the object of "ordinary commercial barter," Mr Solana said. To prove the point Spaniards have paid over 20 times more than they have ever spent before on any art work to snatch the painting from being a mere lot in Christie's main spring sale and have it hanging in the Prado.

The huge portrait, painted by Francisco de Goya in 1805, has, since the beginning of this year, been the object of *acrimony, controversy* and a lot of nationalistic tub-thumping that had to do with rescuing national treasures.

Spain has bought it for Pta 900m ($6m) after having, in Mr Solana's words, "illegally and clandestinely left Spain almost exactly three years ago with a valuation on an allegedly forged export licence of Pta 164.5m.

The principal recipient of the Spanish cash is understood to be Lord Wimborne, a wealthy Paris-based British businessman whose family trust is the main shareholder of a Liberian-registered company called Overseas Art Investments.

The company acquired the picture the day after the canvas arrived in Zurich in April 1983 having being allegedly spirited out of Spain by Mr Antonio Saorin who is currently believed to be resident in Argentina and who faces prosecution for forgery and smuggling.

Overseas Art had put the painting up for sale in Christie's and was hoping that it break all former auction room records. Mr Solana said that it had been purchased at "half the market value" which he put at $12m.

The knockdown on the price reflects the tough fight put up by Madrid to stop the auction, scheduled to take place today.

A delighted Mr Solana waived aside objections that the price *paid was excessive and* that there were already so many Goyas in the Prado, which is itself under-financed. He said there is a plan to house them in a building all to themselves.

FINANCIAL TIMES

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EUROPEAN NEWS

Spanish envoy to Libya recalled

By Our Foreign Staff

EUROPEAN CRITICISM of Libya in the wake of President Ronald Reagan's call for sanctions against Colonel Muammar Gadaffi intensified yesterday as US naval movements in the Mediterranean suggested that another clash in the disputed Gulf of Sirte may be imminent.

Spain recalled its ambassador from Libya after reported threats by Col Gadaffi to attack countries providing US military facilities.

Spain has one US naval base, and US Sixth Fleet warships called at Spanish ports after last month's exercise off the coast of Libya.

In Naples, the Sixth Fleet's home port, navy officials said the US had two carrier battle groups in the Mediterranean but their movements were secret.

Plans for one of the two carriers to return home have been postponed indefinitely and reports of US naval movements have been circulating from Mediterranean ports, although without indications of destinations.

Mr John Lehman, the US Navy Secretary, said the Sixth Fleet was ready to strike at Libya if Mr Reagan ordered it.

"Whatever tasks are presented to the navy, the navy is ready to do." Mr Lehman said after a Capitol Hill hearing. "Our fleet is as ready today as it has ever been in history."

Lord Carrington, Nato secretary general, said there would be "a very great deal of sympathy" in the alliance for any retaliation by the US against terrorism.

Chirac wins confidence vote by narrow margin

BY DAVID HOUSEGO IN PARIS

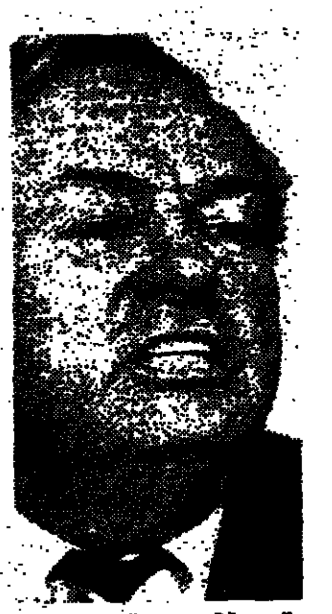
FRANCE'S NEW conservative administration yesterday scraped through with a majority of four on its first vote of confidence in the National Assembly.

The vote was on the statement of policy that Mr Jacques Chirac, the Prime Minister, presented to deputies on Wednesday outlining his proposals for economic liberalisation and stiffer measures against crime and terrorism.

All 291 members of the alliance between the neo-Gaullist RPR and the centrist UDF voted for the Government—which was also joined by one deputy from the extreme right-wing National Front. Mr *Edouard Frederic-Dupont* (83), the second oldest member of the Assembly, who had presided over the opening session of the legislature decided to vote with the Government.

However, Mr Jean Marie Le Pen, the leader of the National Front, and the other 33 members of his group joined the Communists and the Socialists in voting against Mr Chirac.

Mr Le Pen, in his speech, said bluntly to Mr Chirac: "I do not have confidence in you." Mr Le Pen is opposed to the abolition of proportional representation. Among right wing deputies who voted for the Government was Mr Raymond Barre, the former Prime Minister, who had said before the election he *would not support a government* of "cohabitation" in a vote of confidence.


Le Pen: "no confidence"

Mr Barre changed his mind because of the fragility of the Government's majority.

However, the narrowness of the vote again underlined the difficulties the Government will have in getting its legislation through Parliament.

Mr Chirac is counting on pushing through the enabling legislation that will permit him to implement his economic measures — including privatisation—and the planned change in the voting law by decree. This is a constitutional procedure that allows him to stake his government's survival on the text.

The procedure allows the legislation to go through if the opposition has not succeeded in passing a censure motion within 24 hours. But President Francois Mitterrand has warned Mr Chirac that he will not allow this procedure to be used often.

Pledge to cut industry charges

BY PAUL BETTS IN PARIS

MR ALAIN MADELIN, the French Industry Minister, and one of the most powerful advocates of economic liberalism of the new right-wing Government, said yesterday that he planned to create a more favourable environment for the country's enterprises by reducing their charges and regulations.

The minister said he was keen to do away with the system of direct state aids and subsidies to industry replacing them with a policy centered on the reduction of regulations and charges.

Mr Madelin, during his first public comments since taking office, said he had already discussed this policy change with Mr Yvon Gattaz, head of the Patronat, the French employers' confederation.

Mr Madelin said his ministry should be regarded as "the ministry of enterprises and entrepreneurs." He would continue to crusade to create greater freedom for French enterprises.

Mr Madelin indicated that government policy in distressed industrial areas would also rely on the introduction of mechanism to reduce company charges and taxes to en*courage enterprises*

Fine Gael loses MP to new party

By Hugh Carnegy in Dublin

A PROMINENT MP from Fine Gael, the senior Irish coalition party, has defected to the Progressive Democrats in an important boost for the fast-growing new party.

Mr Michael Keating's defection cuts to one the Fne ael-Labour coalition's majority over all the other parties in the Dail. The opposition groups are far from united, but Mr Keating's move could help precipitate an *election* deadline.

Mr Keating, a former junior minister, is the first Fine Gael MP to join the Progressive Democrats, led by Mr Desmond O'Malley, a former leading member of the opposition Fianna Fail party.

The defection brings the new party's representation in the Dail to five. The other four are all ex-Fianna Fail members who objected to the leadership of Mr Charles Haughey. Mr Keating's arrival will help diminish the Progressive Democrats' image as an anti-Haughey splinter group.

Since they were founded at Christmas time, the Progressive Democrats have recruited *some 15,000 members to their* call for more free enterprise, less government and conciliatory policies on Northern Ireland. *Mr Keating has for* some time expressed views similar to those espoused by the new party.

Terrorism protest

Greek shops, offices and factories will close for half an hour on Monday in a "symbolic protest" against terrorism inspired by the assassination in Athens three days ago of Mr Dimitris Angelopoulos (79), a leading industrialist, writes Andriana Ierodiaconou.

Swedish pay pact agreed

By David Brown in Stockholm

SWEDEN'S 500,000 private-sector white collar workers and *their employers* yesterday reached agrement on a two-year wage package, averting a threatened strike and lock-out *which would have closed much* of Swedish industry.

Parallel negotiations on a pay deal for 700,000 private-sector blue-collar workers, which continued in what was described as a positive tone late yesterday, was expected to produce a similar agreement.

The agreement covering the PTK white-collar union—reached with the help of state-appointed mediators—implies employers' costs will climb some 5 per cent this year and 4 per cent in 1987.

The deal includes a clause giving the union re-negotiation rights if consumer prices rise by more than 3.2 per cent from December 1985 to December 1986, and gives priority to low-income groups within the PTK.

The two sides are to "seek" to hold wage drift down to 1.5 per cent annually, but the employers failed to get this specific limit written into the final agreement.

SAF, the Swedish employers' federation, originally offered a two-year package with a total average increase of 5.5 per cent.

Mr Bo Ryden, the acting SAF chairman, said the deal was accepted in spite of its relatively high cost, to avoid a conflict "which could have cost as much as SKr 1bn (£87m) a day."

The strike would have hit most of Sweden's leading industrial corporations including Volvo, Asea, Electrolux, Saab-Scania, and LM Ericsson.

Mr Kjell Olof Feldt, Finance Minister, said the two-year package was of "utmost importance" in the attempt to break a leapfrogging pay spiral and bring down inflation. He called on other sectors in the labour market to follow suit.

Bundesbank to turn over DM 12.65bn profit to Bonn

BY JONATHAN CARR IN FRANKFURT

THE WEST GERMAN Bundesbank is turning over DM 12.65bn (£3.6bn) in profit to the federal Government this yeer — down on the record DM 12.9bn it paid last year but still slightly more than the Finance Ministry had expected.

The central bank announced yesterday after a meeting of its policy-making council that DM 8bn of the profit would be made available at once and the rest paid in two tranches in May and June.

In recent years the Bundesbank has taken to spreading payment over a period on the grounds that handing over a single lump sum for Bonn's immediate use could swell domestic money supply and hinder the battle against inflation.

Last year, the Government received a first payment of DM 5bn. The Bundesbank feels able to make a higher initial payment this time, not least because of massive capital outflows in the wake of last weekend's realignment of currencies in the European Monetary System.

Foreign investors who earlier moved into D-marks in the (correct) expectation of an upward revaluation have now been withdrawing funds on a large scale. The capital outflow, draining liquidity from the domestic banks, is understood to have reached a "double digit" D-mark billions figure.

Much of the Bundesbank's profit, which it is committed by law to turning over to the Government after adding to reserves, comes from interest on dollar investments.

Hence the more the dollar rises, the bigger the interest income expressed in West German currency terms in the central bank's accounts. The profit available now was piled up in 1985, when the dollar remained relatively strong against the D-mark at least until the early autumn. The total profit sum, before bolstering reserves, was DM 12.9bn compared with DM 13.2bn in 1984.

Italy takes action to tighten wine regulations

ITALY INTRODUCED new measures today aimed at preventing any repetition of the wine adulteration scandal that has led to the death of at least 18 people and dealt a heavy blow to the country's exports, **Reuter reports from Rome.**

The cabinet, under fire for its handling of the crisis, introduced by decree measures including new penalties for adulteration and a strengthening of the *special police unit* charged with combating conbating contamination of food and drink. Other measures were a *strengthening of official* machinery to combat adulteration and streamlining or regulations on food additives.

Egypt suffers fall in remittances from overseas workers

BY TONY WALKER IN CAIRO

EGYPT is suffering a sharp downturn in inflows of workers' remittances, adding to hard currency problems resulting from the oil price slide.

The Economy Ministry said this week that money remitted by Egyptian expatriate workers in Iraq alone this year may be reduced by about $1bn (£689.6m), about a quarter of the total earned by all Egyptians working abroad in 1984-85.

Iraq employs 1.5m Egyptians, making it the biggest foreign employer of Egyptian labour. However, recently it imposed a ceiling of $100 per month on the amount of foreign exchange able to be remitted by foreign workers.

Officials here estimate that between 10 and 15 per cent of about 3m Egyptians employed abroad are being forced to return home because of the economic squeeze in oil producing countries where most are employed.

According to an economic survey prepared by the US Embassy in Cairo, workers' remittances through official and unofficial channels totalled $3.75bn in 1984-85 after peaking at $4bn the previous year.

A 25 to 40 per cent reduction in the volume of remittances coming into Egypt would be a serious blow to the Egyptian economy which is suffering acute balance of payments problems.

Mr Aly Negm, Governor of Egypt's central bank, has been conferring in Washington with the International Monetary Fund about a possible standby facility. Mr Negm says Egypt is seeking about $1bn in balance of payments support.

The IMF has made clear, however, that it expects Egypt to introduce economic reforms, including a substantial devaluation and an overhaul of its bloated subsidy system, before it is prepared to assist.

IMF officials are unlikely to regard Egypt's recent economic measures, which include some minor adjustments to prices of luxury goods, as sufficient evidence of the Government's determination to tackle the country's economic malaise.

Meanwhile, Egypt's debt service problems are worsening after being temporarily arrested in late 1985. Foreign bankers report that delays on payments on suppliers' credits are building up again.

Average delays of payments to UK companies are about four months, according to a document compiled earlier this year by the UK's Export Credits Guarantee Department (ECGD).

Midland closes office

MIDLAND BANK of the UK is closing its representative office in Egypt after a review of the company's operations because of "changing commitments" in the country, writes Tony Walker.

Midland said yesterday that, through its merchant banking subsidiary Samuel Montagu, it was helping to fund the giant Cairo waste water project and now this was under way there was less demand for permanent representation in Egypt.

The decision was not directly related to difficult economic circumstances in Egypt.

China cuts spending on economic zones

By Robert Thomson in Peking

THE CHINESE Government yesterday denied allegations that the country's special economic zones (SEZs) are faltering but revealed that infrastructure investment by the central Government in the zones has been halted.

China's four SEZs, designed to attract foreign investment in the hope of developing exportable products, have so far not managed to meet their goal of exporting the bulk of their production and have become a sensitive political issue in Peking.

Gu Mu, a state councillor instrumental in the development of China's so-called "open door" policy, said the zones, established in 1979, had been affected by the tightening of economic control in the past year.

The Central Government policy was now to give the SEZs "policies not money," though he said the Government had made exceptions to that policy in light of the slowdown in development.

The Government hoped that the most developed of the SEZs, Shenzhen, near Hong Kong, would have a surplus in foreign exchange by 1990.

Gu denied the closure of 10 of the 14 Chinese coastal cities which were given greater freedom two years ago to establish ventures with foreign partners.

However, Chinese officials have acknowledged that the 10 have "slowed down," and the Government will concentrate on developing four of them.

Gu said some of the SEZs and coastal cities will have had difficulties because of the tight monetary policy, but stressed that China would "strictly honour" all contracts signed with foreign businesses.

Jurek Martin reports on the response in Tokyo to two sets of proposals for the economy

Japanese plans for change fail to impress

NORMALLY, the Japanese establishment presents a solid front whenever the Government pronounces on economic policy.

It therefore becomes something of a curiosity when a government economic package and a blue chip commission report on economic realignment are received with underwhelming enthusiasm, as was the case this week.

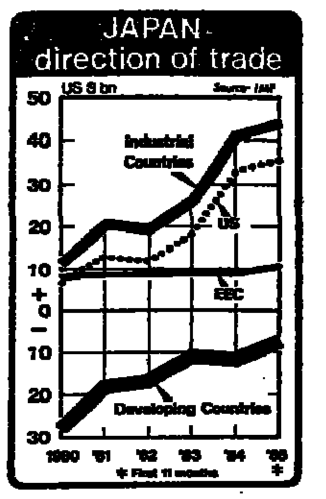
In successive days, the Maekawa Commission issued a report on how to make the Japanese economy more internationally compatible and the Government of Mr Yasuhiro Nakasone announced a list of proposals designed to offset the deflationary consequences of the apreciation of the yen.

To be sure, the establishment chipped in with the usual hyperboles. Mr Nakasone who is off to Washington this weekend to sell his latest initiative to the Americans, endorsed both his and the commission's report as significant contributions to the international as well as domestic economies. The leaders of industrial organisations all said what they were primed to say.

But an undercurrent of disappointment was palpable.

Kyodo, the news agency which reflects government thinking, filed a report quoting Japanese economists sceptical of the merits of what had been achieved. Nihon Keizai, the business newspaper, published a blistering editorial, as did other more predictable media organs. The general complaint was of a lack of substance and specifics; the fear was that, for once, Japan had not succeeded in buying time.

The criticism had both political and substantive import.



There is a growing conviction in political circles that Mr Nakasone is a lame duck on whom there is no closed season, although this belief in the end may be misplaced. In Japanese politics, it does not matter that those most likely to succeed him (Mr Shintaro Abe, the Foreign Minister, and Mr Noboru Takeshita, the Finance Minister) offer no clear alternative policies, nor that the third favourite, Mr Kiichi Miyazawa, does.

Informed Japanese opinion appears perfectly aware that neither the report of the Maekawa Commission nor the package contained anything original in thought or not previously in train as policy. Admittedly, the Japanese decision-making process, designed to find consensus, tends to militate against surprises, but even this realisation could not dispel the sense of deja vu. The Ministry of International Trade and Industry (Miti), for example, had covered much of the same ground on economic restructuring just weeks beforehand.

In the package itself, main elements, such as utility rate rebates and advanced public works spending, as the whole country knew, had already been decided in advance. The same applied to residential construction zoning, aid to small businesses, cheaper international telephone calls and air fares and so on. Discerning observers were amazed that, with so much predetermined, the government was still unable to produce any figures on the consequences for overall growth.

This gives rise to the suspicion that the Government is simply unwilling to revise downwards its official 4 per cent real expansion forecast before the economic summit in Tokyo next month, lest Japan invite further criticism from its trading partners.

The Maekawa Commission report, Nihon Keizai argued, was the product of defensive-minded bureaucrats unwilling to change policies. It was, therefore, not surprising, but nonetheless disappointing, that the report did not question—and in most cases not even mention—fundamental structural aspects, such as the commitment to fiscal austerity, agricultural protection and retail distribution.

Both the report and the package were timed with Mr Nakasone's Washington trip and the economic summit in view. The Tokyo Government is consumed with the necessity of ensuring a smooth summit. It is nervous that a Japan-bashing exercise on home soil would be an unendurable humiliation. Conversely, Mr Nakasone apparently hopes he can ride an harmonious summit into a general election campaign in the summer that might, but only might, help win him another term.

The probability, however, is that the summit will not be marked by dissent or discontent with the host country, at least not publicly. Summits simply do not operate that way. In this instance, as reports from this week's IMF session demonstrates, cheaper oil has indisputably given a comforting reflationary boost to the economies of the participating industrialised nations (Japan eventually included) to the point where the inclination to complain may have been substantially reduced.

But Japan is unwilling to leave this to chance. Indeed, it is likely that, before the summit, other grandstand gestures will be made.

One might be further to increase foreign aid; the 1981-86 aid programme, intended to double disbursements, fell short mostly because the yen was weak. It follows that a strong yen means that the 1986-90 target is too modest. Mr Nakasone and Mr Abe have both alluded to this possibility, as, albeit indirectly, did both the Maekawa report and the economic package.

Yet once the summit is over, other imperatives will surface, in the form of US congressional protectionism, or sectoral trade disputes (on semiconductors, for example). Simultaneously, Japan itself will become immersed in the battle royal to succeed Mr Nakasone.

Mr Nakasone likes to take the long, Olympian view. At a lunch for American journalists this week, he compared the task in front of Japan to that of a junior high school student trying to climb Mount Everest. At least this week, there were significant voices inside Japan saying, in effect, that more than gym shoes were needed to make it.

THE pressures of the higher yen on Japan's leading export industries has severely reduced this year's pay settlements for Japanese blue-collar workers, writes Carla Rapoport in Tokyo.

Japan's steel workers this week, for example, accepted a 2.66 per cent pay rise, or about Y6,400 (£24.50) per person per month. A 35-year-old steel worker in Japan now earns on average about Y240,760 per month, with yearly bonus of around Y1.1m.

According to the Japan Council of Metal Workers Union (IMF-JC), the increase is the smallest they have ever achieved for their members.

Most electrical appliance workers have settled for a 4.85 per cent pay increase, although workers at Sharp and Matsushita in the Osaka area are still negotiating.

Car workers have settled for increases ranging from 4.57 per cent at Nissan to 5.11 per cent at Honda. Toyota's workers have accepted 4.85 per cent.

Japan's private railways and underground lines were halted yesterday by a brief, early morning strike by the General Federation of Private Railway Workers. The strike ended at 6.28 am when the union accepted a 5.45 per cent increase and a bonus equal to 5.45 months pay.

African attempts to reform 'will fail unless aid increases'

BY PATTI WALDMEIR

AFRICA'S attempts to help itself will fail without additional resources in the form of new aid and debt relief, the World Bank warns in its fourth report on development in the world's poorest continent.

"Financing adjustment with growth in sub-Saharan Africa, 1986-1990," published today, says that low income countries in Africa will require at least $11bn in concessional funding every year until 1990 if the extensive reform programmes being implemented on the continent are not to be jeopardised.

The message is not a new one: "Structural reforms undertaken by many African countries to address their long-term development problems have not received adequate donor support . . . growth and equity enhancing reform programmes already under way are foundering because of inadequate donor funding, which is often inappropriate in form and timing . . . countries considering major reform programmes can find little encouragement from the donor support demonstrated for those countries with reforms under way."

Criticisms

The bank's third report on Africa, published 18 months ago, made the same criticisms, albeit in a more tentative and less forceful tone.

Since then, the experience of countries, like Zaire, which have braved the political risks of a radical and sustained adjustment programme without reaping the benefits of sufficient donor support — a shortfall which has made it impossible to meet performance targets — have clearly convinced the bank to put the case more bluntly.

As more and more countries have bitten the bullet of exchange rate reform, food subsidy reductions and public sector cuts it has become apparent, as outgoing World Bank president A. W. (Tom) Clausen says in a foreword to today's report, that "adjustment through further economic contraction is not a feasible alternative in a continent where per capita income levels are today no higher than they were 20 years ago."

The thrust of adjustment policy has shifted sharply over the past year to 18 months.

Last year's annual meetings of the World Bank and the International Monetary Fund (IMF) in Seoul gave the West's blessing to a policy of "adjustment with growth" with the launch of the so called Baker initiative which calls for more funding to help debtor countries grow their way out of debt.

But the initiative is primarily aimed at middle-income debtors in Latin America. Today's report appears to be the World Bank's own mini-Baker plan for low-income Africa.

The report foresees a resources gap of some $2.5bn a year between concessional flows expected to total $8.5bn and needs of $11bn. Multilateral agencies, says the Bank, could at best be expected to fill $1bn of this gap, assuming a successful $12bn eighth replenishment of the International Development Association's (IDA) resources, and assuming that low-income Africa receives the bulk of the $3bn now becoming available from the IMF's trust fund.

Bilateral aid and additional debt relief would be needed to bridge the remaining $1.5bn gap, says the Bank, noting that this would mean a 30 per cent increase over 1984 levels of aid and debt relief and a 20 per cent rise over the levels currently projected for 1986-90.

The gap would clearly be even greater if the low income countries' export earnings forecast at $20bn a year, were to fall short of target.

The Bank emphasises that, under its plan, no country undertaking reforms should be expected to pay back to donors more than it receives in new aid.

The case of Zaire is once again notable: Net capital flows from donors have actually been negative for several years, despite the high donor praise for the country's reform efforts.

The 10 countries of middle-income Africa, which are not treated in detail in the report, would need resource flows of some $7bn to $10bn to the end of the decade, with a gap of $16bn to $3bn to be filled by commercial banks, multi- and bilateral agencies.

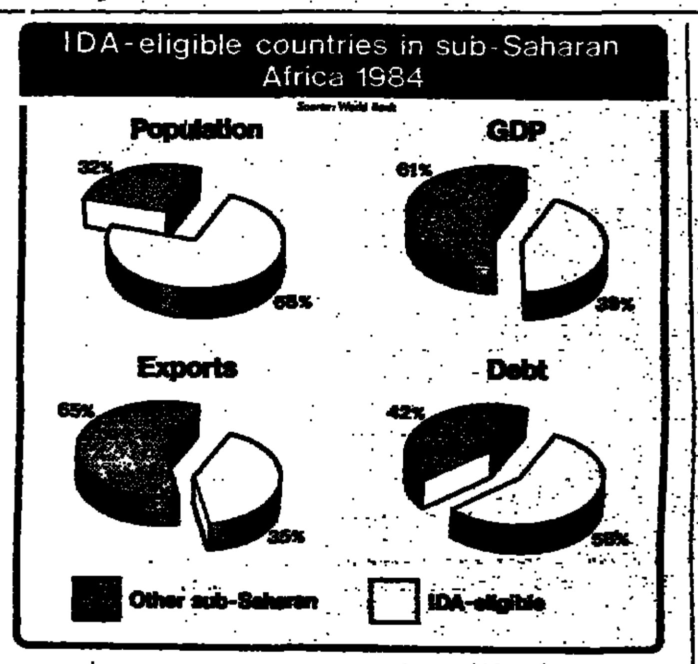
The report gives low-income Africa generally high marks for demonstrating a commitment to reform by giving prices, markets and the private sector a greater role in promoting development.

Policies which discriminate against agriculture are being reversed: Farm prices have been raised, partly as a result of exchange rate reford; real urban wages have been lowered, helping to redress the urban-rural balance; and public spending, which creates urban jobs, has been reduced.

The banq stresses that much more remains to be done: Real effective exchange rates are still 15 per cent higher than in 1970-1972, Despite large and painful devaluations in many countries, and the problem of inefficient public sector management, an important cause of Africa's economic crisis, is only slowly being tackled.

Donors under criticism from the Bank for failing to implement agreed institutional changes aimed at improving the effectiveness of assistance to Africa. Governments are faulted for trying to press "pet projects" or favoured economic policies on low-income countries and for failure to correlate the level of debt relief needed with the level of aid.

This year is christened a "year of opportunity" by the bank: a year of lower food and crude oil prices, a year of good rains after the worst famine in recent history, a year of commitment to reform. The opportunity is now available to put Africa on the path to sustained growth, says Mr Clausen in his foreword. The report's conclusion is that the level of donor funding may make all the difference.



AFRICANS IN SELF-HELP PLEDGE

AFRICAN countries are determined to take responsibility for their economic problems and have pledged to raise $80bn (£54.4bn) over the next five years to overcome the continent's crisis, a senior United Nations official said in London yesterday, writes Stephanie Gray.

Mr Djibril Diallo, spokesman for next month's UN special session on Africa, told a news conference that the 51 African members of the UN would submit assessments of their economic needs at the session.

Initial estimates were that $115bn would be required for long-term development, especially in food self-sufficiency, 70 per cent of which would come from Africa itself.

It was unclear how the money would be raised in Africa. Some of it would involve funds already committed by donor countries but yet to be dispersed by the recipients. African states would also pay the costs of labour, machinery and other equipment needed to ensure medium and long-term development.

Funds would be shifted from wealthier African states to the poorer ones and better use would be made of the resources of regional organisations such as the Economic Community of West African States (Ecowas).

New PFP leader says revolution has begun

By Anthony Robinson in Johannesburg

THE NEW leader of South Africa's white opposition Progressive Federal Party (PFP), Mr Colin Eglin, yesterday told parliament that "the revolution in South Africa has begun" and that only "a vast socio-economic reconstruction of society" and a "new, democratic and non-racial constitution" could save the situation.

"The revolt cannot be put down nor the revolution that is starting be turned back by the police or security forces, no matter how well armed and equipped they may be," he said.

His remarks in the parliamentary debate on last month's budget came only hours after his predecessor as PFP leader, Dr Frederik Van Zyl Slabbert, made his first major political speech since resigning two months ago from both the job and from a parliament which he described as divorced from reality and irrelevant.

The occasion was a crowded political rally in Johannesburg town hall organised by the anti-apartheid United Democratic Front (UDF) as part of a new drive to recruit whites into the multi-racial umbrella organisation which is ideologically close to the banned African National Congress (ANC).

He told the audience of over 2,000, mainly whites and including Mr Chris Ball, the chairman of Barclays National Bank, and Mr Gordon Waddell, the chairman of Johannesburg Consolidated Investments (JCI), that he was convinced that the Government "has no intention of getting rid of the basic cornerstones of apartheid" like the Population Registration Act.

"It is constitutionally impossible in the present tri-cameral parliament to accommodate blacks," he said. "Real change would come from outside parliament."

"Looking back over the past three years the pressures on the Government generated by black school children and the black labour movement in the black townships have all been greater than pressure on it from within parliament," he said, repeating the conviction which moved him to abandon parliament for a new, and as yet, undefined role in extra-parliamentary politics.

Sidon car bomb kills three

A CAR BOMB packed with an estimated 165 lbs of TNT exploded yesterday in the main square of the southern port city of Sidon, killing three people and wounding 34, police said, AP reports from Sidon.

The bomb went off in a Mercedes in the courtyard of the city hall in Sidon's Nijmeh Square. At least 25 parked vehicles, including garbage trucks and oil tankers, were set ablaze. The fires sent clouds of black smoke billowing over the city, south Lebanon's provincial capital.

Police said two bodies were found in the wreckage of the Mercedes. The third fatality was a 40-year-old passerby who died of a heart attack when the bomb exploded.

Israel 'sees no sign' of peace bid

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL has seen "no evidence" so far of the new Middle East peace initiative which Mr George Bush, the US Vice-President, spoke of on Tuesday, senior officials in Jerusalem said yesterday.

Over the past 48 hours there has been a nunusual degree of diplomatic activity involving Cairo and Jerusalem, as Mr Richard Murphy, the US special envoy to the region, has shuttled between the two capitals. In addition, Mr Yitzhak Shamir, the Israeli Foreign Minister, yesterday met both Mr Michael Armacost, the US Under Secretary of State, and Mr Butros Ghali, Egypt's Minister of State for Forcign Affairs, in quick succession.

No progress was reported yesterday on Israel's virtually deadlocked bilateral negotiations with Egypt following the Ghali meeting. However, suspicions exist that the Likud-controlled Foreign Ministry is not enthusiastic about seeing a foreign policy breakthrough, which would reflect largely to the credit of Prime Minister Shimon Peres.

On his return from the US last week the Labour Prime Minister's aides were speaking optimistically about a new US peace bid involving Mr George Shultz, the Secretary of State, political atmosphere in Israel has been transformed by the emergence of a crisis within the ruling coalition.

With both Labour and Likud still refusing to back down over the Prime Minister's insistence on the dismissal of Mr Yitzhak Moda'i one compromise proposal to emerge from Likud yesterday would involve a job switch by Mr Moda'i and Mr Shamir.

The present Finance Minister and Foreign Minister do not have experience for each other's jobs but this unlikely-looking swap could provide a way out of the current impasse, which both sides say they do not want.

The uncertainty surrounding the key finance post comes as the Israeli trade deficit is showing disturbing signs of continuing its poor early showing for the year.

Figures just released reveal that the visible trade deficit in the first quarter rose by 7.5 per cent compared with the last quarter of 1985, to $472m. Higher consumer demand pushed imports up to $2.16bn, while exports, excluding diamonds, stood at $1.69bn.

Reagan throws slim lifeline to struggling Bush

BY REGINALD DALE

PRESIDENT Ronald Reagan has held out a slim lifeline to his vice-president, Mr George Bush, who is still struggling in a political quagmire following unguarded remarks he made about oil prices on the eve of a trip to the Middle East last week. It seems unlikely, however, that Mr Reagan's efforts will repair much of the damage that Mr Bush has done to himself.

In his nationally televised news conference on Wednesday night, Mr Reagan said he could not find himself quarrelling with any of Mr Bush's remarks. "We're saying the same thing," he said. Privately, Mr Reagan is said to feel that Mr Bush's remarks which led to a rally in the oil market, have been "misinterpreted."

Mr Bush started the controversy last Tuesday by saying that the free fall in oil prices must be stopped and market stability restored. He promised to press the interests of the suffering US oil industry "very hard" during his visit to Saudi Arabia at the end of the week.

Mr Bush repeated that Administration policy remained that prices should be left to market forces, and denied that he would ask Saudi Arabia for production cuts, but that was not widely reported.

He has since been extensively portrayed as hand-in-glove with the Texas oil industry, one of the least popular sectors of American big business in most of the rest of the US. Mr Bush, a self-proclaimed Texan, himself made a fortune in the Texas oilfields.

Mr Reagan said he shared Mr Bush's concern that cheap oil could have serious national security implications for the US, by eliminating US producers and increasing dependence on foreign supplies. He gave greater emphasis, however, to the benefits of cheap oil to American industry and consumers.

Mr Bush, who has also been attacked for grovelling "cap in hand" to the Middle East oil states, has been unrepentant. "I don't know that I'm defending the (US oil) industry," he told a Press conference in Bahrain earlier this week.

"What I am doing is defending a position that I fell very, very strongly. Whether that is a help politically or whether it proves a detriment politically, I could not care less."

Most political analysts in Washington, however, are convinced that his "gaffe" is indeed detrimental, and may even harm his campaign for the White House in 1988. The early electoral tests for 1988 are all in frequently snowbound Northern states, Michigan, Iowa and New Hampshire, in which there is no love lost for Texas oil barons, who are thought to have treated northern consumers with contempt when energy prices rocketed in the 1970s.

Mr Bush's rivals for the Republican nomination are already gleefully planning to remind of his remarks when he starts campaigning in those states. In a foretaste, perhaps, of things to come, a leading Michigan paper, the Detroit News, has already published an editorial headlined "Bush to Michigan: drop dead."

Bronx party chief accused of bribing NYC officials

BY TERRY DODSWORTH IN NEW YORK

THE NEW York City corruption scandal has widened yet further with the indictment of Mr Stanley Friedman, head of the Bronx Democratic Party, on charges of bribing city officials in a racketeering conspiracy involving the City Parking Violations Bureau.

The indictment was handed down by a Federal grand jury, which also accused Mr Donald Manes, the former borough president of Queens, who committed suicide last month, of being involved in the conspiracy.

Mr Friedman, a colourful and highly visible power broker in the dominant New York Democratic Party, immediately denied the charges, which his lawyer described as "ludicrous."

"I have broken no law, I have done no wrong," Mr Friedman said. "It appears that I am in the eye of a hurricane and you know what damage that can do."

Five other city officials and business associates of Mr Friedman and Mr Manes were named in the indictment, which followed earlier charges levelled at the Bronx chairman by state prosecutors. The new charges, however, extended the scope of the state accusations, including a suggestion that Mr Friedman stood to maker as much as $250,000 a year from commissions paid to operators in a car towing programme.

Mayor Ed Koch, the Democratic head of the New York administration, continued to take a strong line against individuals implicated in corrupt practices. In a statement clearly distancing himself from Mr Friedman, one of his long-standing supporters in the party, he said the new indictment reinforced his view that the leaders of the Democratic Party in the Bronx should remove Mr Friedman from his post.

Falling oil prices cut Canada's energy exports

BY BERNARD SIMON IN TORONTO

LOWER oil and coal exports has brought Canada's monthly trade surplus to its lowest level since September 1981.

According to Statistics Canada, the February surplus was C$206m (£103m), compared to slightly more than C$1bn in January and C$1.7bn in February 1985. Before the recent fall in the oil price, economists expected this year's trade surplus would turn out to be close to last year's positive balance of C$16.8bn.

Exports fell from C$10.7bn in January to C$10.1bn, with more than half the decline due to a 26 per cent drop in the value of energy shipments. Crude oil sales to the US plunged by almost 40 per cent. Exports of coal, mainly to Japan, posted a similar drop while sales of petroleum products were down by 25 per cent. Oil is Canada's fourth largest export earner.

Slowing demand in the US contributed to lower exports of motor vehicles and automotive parts. The overall balance was also affected by a substantial rise in imports to a record C$9.9bn, 25 per cent higher than last year's level.

The Canadian economy grew by 4.5 per cent in real terms last year, one of the strongest growth rates among OECD countries. The lower oil price is expected, on balance, to have a positive overall effect

Peru hopes to avert complete break with IMF

BY DOREEN GILLESPIE IN LIMA

THE PERUVIAN Government is still hoping to avoid a complete breakdown in its relations with the International Monetary Fund in spite of continued public defiance of the Fund. The IMF is insisting on a payment of $70m by April 14 to help settle arrears totalling $120m. The Fund has threatened to declare Peru ineligible for further credit if the payment is not made.

Peru's Central Bank governor, Mr Leonel Figueroa, returned to Lima on Monday after lengthy talks in Washington designed to avert a showdown with the IMF. He has refused to comment on the negotiations, but President Alan Garcia has toned down his usually harsh criticism of the IMF. He said the IMF "like other banks" would have to abide by Peru's decision to apply only 10 per cent of export revenue towards payment of its $14bn foreign debt.

Peru is trying to persuade the IMF to accept part settlement of arrears on this basis. The IMF maintains Peru has accumulated sufficient reserves through non-payment of debt to cover the $70m demanded.

Peru is not seeking IMF funds, but a declaration of ineligibility could hold up disbursement of $590m in soft loans from the World Bank and $530m from the Inter-American Development Bank.

Meanwhile the United States Agency for International Development is making plans to close part of its large operation in Peru as government debts to the agents also pile up.

● Brazil's trade surplus grew to $1.143bn in March, a 23.4 per cent increase over the surplus registered for the same month last year, AP-DJ reports from Rio de Janeiro.

Exports totalled $2.157bn in March, up 9.7 per cent from a year earlier. Imports came to $1.014bn, up 4.7 per cent from March 1985.

Mr Sergio Ribas, spokesman for the Brazilian Trade Bureau, attributed the improvement, in part, to the fall in the world oil price and the Government's anti-inflationary economic programme, the Cruzado Plan.

The Bureau has estimated its year-end surplus at $12.5bn. Last year Brazil recorded a trade surplus of $12.45bn.

Peace in El Salvador proves more elusive than ever, **David Gardner** reports

Beleaguered President Duarte loses his touch

PRESIDENT Ronald Reagan's success story in Central America—tiny, crowded and war-riven El Salvador where his administration said six years ago it would "draw the line" against Communist expansion in the western hemisphere—is turning sour.

The civil war between President Jose Napoleon Duarte's US-financed and armed Government and the country's powerfull left-wing insurgency remains at stalemate and is spreading.

Economic recovery is unthinkable until the six-year old conflict, which now absorbs 40 per cent of El Salvador's budget, is resolved. "If things go swimmingly, by 1990 we'll be back to 1978," a US diplomat in San Salvador admitted recently.

Politically, the mercurial Savadorean President is looking isolated. His politically less than forthright handling of last September's kidnapping by rebels of his daughter Ines, emotionally charged as it was, lost him most of the confidence he had worked hard to build up within the virulently right-wing private sector and military hierarchy. The power base of his Christian Democrats has been badly eroded.

All this is a far cry from the victory claims of one year ago. Last May, President Duarte was in Washington on a triumphal mission. The Christian Democrats had just trounced the extreme right in congressional elections, with strong support from the military, the right's traditional ally and power behind the throne.

President Duarte himself was still suffused with the glow of popular support for the dialogue he attempted with rebel leaders in the autumn of 1984, which had brought real hope of an end to the blood-letting which has now claimed 60,000 lives.

A year later, Mr Duarte's electoral victory has been dissipated into a political vacuum. The heavily US-subsidised and sinking economy early this year was given belated, remedial austerity treatment. But these reforms look more linked to the successful prosecution of the war than to any model of development which might end it.

They also have reinforced the intransigence towards reform of landowners and industrialists, unsettled the army, and given new impulse to the major strike wave unrolled by a resurgent labour movement over the past seven months.

Dialogue with the insurgents has slipped out of the Government's vocabulary. Yet the guerrilla forces of the Farabunda Marti National Liberation Front (FMNL) this year, for the first time in the war, have successfully spread the conflict into all 14 of the country's provincial departments.

The September kidnapping by the guerrillas of Imes Duarte best marks the turn in Mr Duarte's fortunes.

The rebels saw that by dragging out negotiations for her release and gradually raising their demands they could debilitate Mr Duarte, who shelved all other state business despite the advice of both the army and the US.

Duarte and his daughter—her kidnapping paralysed the leadership

For 40 days, El Salvador was virtualy paralysed. In the eventual exchange of prisoners, the army was angered at having to surrender leading rebel political and military cadre in return for Ines, a companion, and 21 Christian Democrat Mayors being held by the FMLN.

In the eyes of both his party and society, Mr Duarte lost face, and his actions according to rebel leaders demonstrate the regime's fragility.

The resilient leader bounced back in January when he introduced a major economic package, centred on a devaluation of the colon; a range of tax increases, including one on windfall profits from the higher price of coffee, El Salvador's main export, and sops to the private sector and labour in the form of $200m in industrial credits and wage increases in the public sector.

The magnitude of economic ruin to which these measures were addressed is worth recalling. US estimates of war damage between 1979 and 1984—before the guerrillas made economic sabotage one of the main axes of their activity—are $1.2bn, excluding capital flight (where estimates run as high as $3bn) and foregone investment and industrial production.

In the same period, fixed capital investment fell by three-quarters in real terms, GDP by a quarter, and real purchasing power by two-thirds.

To hold the line against the EMLN, Washington by the end of this year will have poured in around $2.2bn in direct military and economic aid.

But the US, facing budgetary restrictions at Home, is showing signs of wanting to turn its Salvadorean enterprise into what one local academic who closely monitors the war describes as a "joint venture." West Germany, for example, governed by Christian Democrats, has begun providing significant development aid, and both US and Salvadorean officials hope other European countries will emulate them.

January's measures, though they do little more than try and generate more Salvadorean cash for the war, could attract financial support from multilateral organisations like the IMF.

It is the war, not money, which is the problem. In the same month the measures were introduced, FMIN sabotage of power installations caused more damage than in the previous four years.

Since the Government appears unable to defeat the FMLN, the Salvadorean enterprise is better seen as a holding operation.

Added to this, trade unions, viciously repressed by the security force-linked death squads in the early 1980s, have gradually rebuilt their strength around wages and conditions claims.

The left wing of the unions has used to the full the space opened by the 1984 peace talks, but the failure of those talks, along with the prostration of the economy and the Government's failure to implement its reformist programme, has swung the big Christian Democrat unions into alliance with them. Together they mustered some 70,000 marchers in the capital on February 21, calling for renewed peace talks in the biggest demonstration since the war began.

The resurgence of labour seems to have temporarily sobered the far right. According to one western diplomat, the more lucid right fears a Christian Democrat collapse would leave a vacuum which the left might fill.

Other observers take this analysis further and see a return of the death squads: "We could easily be at a new, low vicious point in this conflict by mid-year," the academic fears.

WORLD TRADE NEWS

The US and EEC are poised for a clash that could involve trade worth billions of dollars, **Nancy Dunne** and **Andrew Gowers** report

Brussels-Washington farm row raises threat to new Gatt round

"WE CANNOT allow the American farmer, once again, to pay the price for the European Community's enlargement."

With those words in a letter to President Ronald Reagan, 21 leading senators last month heralded what might turn into one of the bitterest agricultural trade disputes between the US and the EEC since the infamous poultry war of the early 1960s.

The rhetoric is getting shrill on both sides, with escalating threats that could involve trade worth billions of dollars — a significantly greater sum than in previous skirmishes of this kind, and one involving items with a much greater degree of political sensitivity.

There are fears that if neither side bends, the row could erupt into an all-out trade war, seriously damaging the proposed round of multilateral negotiations before the General Agreement on Tariffs and Trade (Gatt), and imparing western unity.

The issue that has raised such ire in Washingon in this mid-term election year is the way the EEC has adjusted its farm trade arrangements since Spain and Portugal joined at the beginning of this year, and the loss of export sales of grain and soyabeans that the Americans expect as a result.

President Reagan last week threatened to retaliate later this year by imposing tariff and quota restrictions on a range of imports from Europe, including wine, beer, cheese, meat, fruit, confectionery, biscuits and, of particular concern to the UK whisky.

And passions are running just as high in Brussels; the European Commission, which has offered to negotiate with the US in the Gatt over compensation, says the US action is "needlessly aggressive" and "a flagrant violation of its rights under the Gatt." This week, it took the battle one step further by threatening counter-retaliation against US exports of soyabean cake and corn gluten feed, both crucial ingredients in animal feed, and a wide range of other food and drink products.

Specifically, the Americans object to three changes initiated by the EEC on March 1 in order to bring the two new entrants in line with its comon customs tariff and Common Agricultural Policy (CAP):

- On July 1, Spain is replacing its fixed 20 per cent tariff on maize and sorghum imports with the Community's variable levy system which bridges the gap between high EEC internal prices and the world market level. The US claims this could double the costs involved in selling its maize to Madrid;
- From May 1, Portugal is to reserve 15.5 per cent of its cereals market — hitherto a near-monopoly for the US, with imports worth an estimated $408m in 1984 — for EEC suppliers while its state grain monopoly is dismantled.
- From that date, Lisbon is to replace its discretionary import licensing system for oilseeds with temporary quotas which the US fears will severely limit its lucrative soyabean exports.

Dr Clayton Yeutter

The Europeans say the US fears are wildly overstated and that the US will, in fact, gain far more from enlargement of the Community than it will lose.

"While some US farm exports may be adversely affected, others will benefit," says a note circulated by the Commission's Washington office last month. "In any case, US manufacturers will benefit because the Community's industrial tariffs are much lower than those of Spain and Portugal."

But its assurances have made no headway in a country which is increasingly preoccupied with its $150bn trade deficit and is particularly obsessed with its loss of world market share in agriculture, for which it partly blames the EEC.

That is the root cause of the current dispute. American objections to the CAP go right back to its inception in the early 1960s. Although the Community can still boast of being the biggest single export market for US farm produce, that market has shrunk considerably over the last 20 years.

Differences in the current case, as at the time of previous enlargements of the Community, focus on the interpretation of a crucial piece of international trade law: article 24 of the Gatt. This entitles members to set up customs unions and to grant each other special tariff preference. But it says that when a customs union is expanded, it must agree compensation with other countries which are likely to suffer from the withdrawal of trade concessions.

The two sides have repeatedly had difficulty in agreeing what should be covered by such negotiations. The US now appears to believe that it has been consistently short-changed as the Community has grown; first with the formation of the CAP in 1963, then with its enlargement to include the UK, Denmark and Ireland 10 years later.

In the past, Washington has tended to suppress its resentment at the effects of the CAP because of its approval of the Community's broader political aims. Also, according to Mr Douglas Newkirk, assistant US trade representaive for Gatt affairs, America settled for only modest compensation from the EEC in the 1960s and 1970s because it was anxious to get the two rounds of multilateral trade negotiations then in preparation off the ground.

Now there is a new enlargement of the Community, and once again, a new trade round is in the offing. But this time, things may be different. US farm exports have been declining for several years, and are likely to fall further in 1986 before the recently enacted agricultural legislation gives them a boost.

Despite their political support of the accession of Spain and Portugal, the Americans are more reluctant than ever to surrender markets, particularly when one of the products involved is soyabeans—by far the largest US farm export to Europe, worth more than $4bn a year.

US officials are particularly livid at being presented with the changes as if they were a *fait accompli*. Mr Newkirk says the US saw the problem coming for 18 months, but the Commission, preoccupied with the difficult accession negotiations, did not give the Americans any notice of the details.

For their part, EEC officials privately admit a failure to warn the Americans sufficiently in advance about what was going to happen on March 1. But the Commission is furious that the US has failed to take up an offer of broad negotiations in the Gatt on these issues; the Americans say this would simply take too long, and have suggested narrower discussions on the Spanish problem alone.

Equally, there appears little chance the European measures will now be rescinded.

The EEC products to be penalised by the US as a result will be discussed at a public hearing on April 21, and a number of domestic farm and industry lobbies will probably be out in force to clamour for protection. Wine, subject to one of the most vocal lobbies in the US, is considered to be both the most likely and the most significant candidate for retaliation.

If this chain of moves gets under way, there is no telling what damage it could do to the Gatt round, due to be launched this September, and in which agriculture is supposed to be a significant element.

In the present round of posturing, each side is preparing to blame the other for derailing the Gatt talks. But at the same time, there is a real danger that the American moves will serve to strengthen the siren voices of agricultural protectionism in Europe—and vice versa.

That, of course, may not be the way things turn out. History suggests that political solutions to such disputes can be found no matter how feverish the rhetoric, and senior politicians have plenty of opportunities to try and dampen frictions over the next few weeks.

Mr Jacques Delors, the Commission president, has been in touch on the issue with Mr George Shultz, the US Secretary of State, and at the end of next week, Mr Richard Lyng and Mr Clayton Yeutter, respectively the US Agriculture Secretary and Trade Representative, will meet Mr Frans Andriessen and Mr Willy De Clercq, the EEC's farm and external affairs commissioners, in Paris.

Nevertheless, this dispute looks like being a more difficult hook for each side to wriggle off than many in the past.

"THIS is a major trade dispute for both of us," wrote Dr Clayton Yeutter, the US Trade Representative, in a letter to Mr Willy De Clercq, EEC External Affairs Commissioner, on April 2.

"As two of the major trading entities of the world, the Community and the US bear a special responsibility for honouring the spirit and the letter of the Gatt and for setting a worthy example for our other Gatt partners.

"Both of us fail in those responsibilities from time to time. I hope you will hold us accountable when we do so. In this case, however, it is the Community that has not lived up to its international responsibilities. That failure should be rectified."

The letter details US objections to the EEC accession measures for Spain and Portugal, and describes the threatened US retaliation as "a firm but measured response."

In the EEC, however, the US steps are likely to continue to be seen as having more to do with domestic politics ahead of this November's mid-term Congressional elections than with Gatt's integrity.

Japan satellite orders likely for Arianespace

BY JUREK MARTIN IN TOKYO

ARIANESPACE, the European commercial space carrier, appears close to winning its first orders to launch Japanese communications satellites.

Mr Frederic d'Allest, chairman and chief executive of the company, in which French interests hold a 58 per cent stake, said in Tokyo yesterday that two Japanese groups licensed by the Japanese Government to enter the communications satellite market had each made provisional reservations for two satellite launches in 1988.

The Japanese companies are JCSat, which brings together the C. Itoh and Mitsui trading houses with Hughes Aerospace of the US, and GCC, a collaboration of Mitsubishi Trading, Mitsubishi Electric and Ford Aerospace. Mr d'Allest hoped firm contracts could be signed "within a few weeks."

Although the price varies according to specifications, a typical Arianespace charge for launching a one-and-a-half metric tonne satellite is about $35m (£25m), implying that the Japanese contracts could be worth at least $140m. Provisional bookings can be secured on payment of $100,000.

Mr d'Allest insisted here yesterday, at a Press conference called to mark the opening of Arianespace's Tokyo office, that his company's bid for Japanese business was not an attempt to capitalise on the misfortunes of the space shuttle programme of Arianespace's chief rival, the US National Aeronautics and Space Administration (Nasa). The two Japanese groups are understood to have made tentative reservations with Nasa.

However, Arianespace officials do note that the loss of the Challenger shuttle had probably left Nasa at least 18 months behind its original launch programme.

They also expect a heavier military content in future shuttle missions, as work on the US Strategic Defence Initiative (SDI) gathers pace, which could mean that commercial satellite operators will increasingly turn to Arianespace for launch services.

As a result, the company has added two more launches to its 1987 and 1988 schedules. Since each Ariane IV rocket can carry two satellites, that equals eight more possible satellite orders.

For 1988-92, Arianespace estimates that 110-120 satellites will be launched worldwide, of which it expects to get about half the orders.

Japan is developing its own rocket launch programme, but it is unlikely to be in a position to compete with Arianespace and Nasa before the mid-1990s.

Brown Boveri in DM 500m Iran power deal

By Jonathan Carr in Frankfurt

BROWN BOVERI of Mannheim, the West German subsidiary of the Swiss electrical engineering concern, has won a contract to build a power station in Iran against what it calls "the toughest international competition."

The total value of the project is put at close to DM 500m (£128m) of which it is understood. Brown Boveri's share will be some DM 375m.

The German company will be responsible for delivering major mechanical and electrical components, as well as for overall planning and coordination.

Libya makes contracts offer to Turks

By David Barchard in Ankara

LIBYA HAS offered Turkish contractors the chance to take on up to $700m (£500m) worth of contracts left unfinished by other international companies, an official of the Union of Turkish Contractors in Libya said yesterday.

Turkish companies were considering the offer but it was complicated by a number of factors, including the depreciation of the Libyan dinar.

Turkish companies have carried out an estimated $6bn worth of contracts in Libya.

Some Turkish business circles were sceptical about how attractive new Libyan contracts would be to Turkish companies.

Vickers set for China arms joint venture

BY ROBERT THOMSON IN PEKING AND BRIDGET BLOOM AND COLINA MACDOUGALL IN LONDON

VICKERS Defence Systems and Norinco, the Chinese arms manufacturing agency, have reached preliminary agreement on a joint venture to produce armoured personnel carriers, the first venture of its kind in China.

Vickers will produce the carrier's turrent and Norinco the chassis. The future fo the project, the size of which is likely to be small, depends on market reaction to a prototype expected to be built for a defence exhibition in China next December.

Sir David Plastow, Vickers chief executive, said in Peking that both countries had identified potential purchasers but would not name them.

China's arms sales, estimated at about $1.7bn (£1.2bn) last year, have been mainly to the Third World, particularly Pakistan, Egypt and possibly (though China denies it) Iran.

Mr Norman Lamont, Minister of State at Britain's Ministry of Defence, who returned from a five-day visit to Peking earlier this week, pointed to the Vickers agreement as an example of the kind of strategy British companies should follow in making deals with the Chinese.

Defence has low priority in China's modernisation programme and following last year's large adverse trade balance, the country plans to control imports strictly.

Mr Gerald Boxall, chief executive of Vickers Defence Systems, concurred with Mr Lamont's judgment that the future lay in joint ventures and technology transfer rather than outright sales.

One example of successful co-operation is GEC Avionics recent contract for supply of equipment worth £30m to modernise China's F7 fighter.

A $500m avionics package for China's F8 aircraft, for which the US Defence Department is about to seek Congressional approval, was announced this week.

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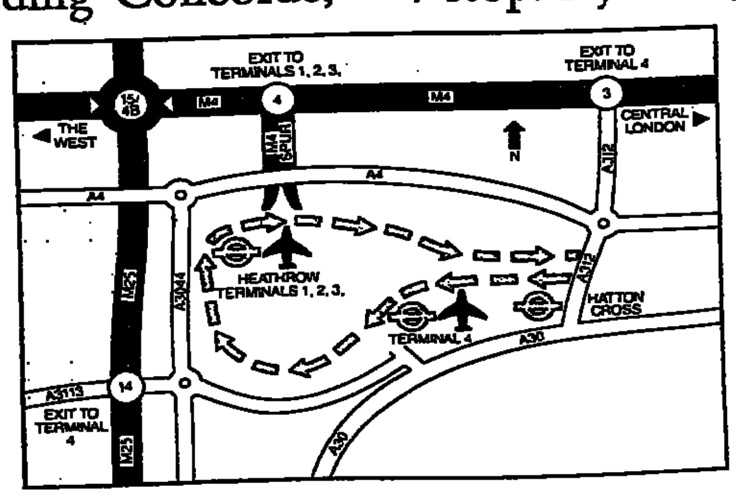

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Intimidation by Loyalists is straining law and order in Northern Ireland. **Hugh Carnegy reports**

Violence marks turning point for Ulster's police

AT THE HEIGHT of the recent wave of attacks on police officers and their families in Northern Ireland, an anxious officer in the Royal Ulster Constabulary's usually unruffled press office remarked: "I think I'd like a one-way ticket to Australia."

His alarm was undoubtedly echoed throughout the ranks as tough police action against Loyalist marchers in Portdadown on Easter Monday was followed by night after night of violence against the RUC.

Acts of intimidation from verbal threats to stonings, petrol bombings and several shootings total almost 200, and more than 30 police families have been forced to leave their homes.

Although there were similar incidents last summer in previous clashes between the RUC and Loyalists over action against Protestant marches, the recent attacks amount to an unprecedented campaign against the police which probably marks a turning point in its handling of 17 years of problems in Ulster.

Ostensibly, the force is being attacked because Loyalists regard the RUC as the instrument being used by London and Dublin to push the introduction of the Anglo-Irish agreement giving the Republic a say in Northern Ireland's affairs. But, behind this lies the uncomfortable – and for many Unionists, unacceptable – realisation that the TUC is no longer "our force."

This "professionalism," championed by Sir John Hermon, the RUC chief constable, has been hardly less traumatic for many RUC officers. Many have privately voiced their hostility to the Anglo-Irish agreement and the central role the RUC is playing. They have to face the fact that many formerly safe havens are no longer that, meaning that the tensions they contend with while on duty now persist when they go home.

The Rev Ian Paisley, leader of the Democratic Unionist Party (DUP), predicts mass resignations if the position does not change.

The strains on the force are acute. Nevertheless, as more and more Unionists call for an end to the intimidation campaign, which appears to be lessening, a careful assessment of the situation suggests that a disintegration of the RUC, which extreme elements opposed to the Anglo-Irish agreement would like, is not imminent.

For a start, many in the Unionist camp have been deeply disturbed by the attacks. Protestant church leaders, politicians from the Official Unionist Party and Orange Order leaders have all condemned them. Mr Paisley quickly added his "unequivocal and unreserved" condemnation when he returned from a trip to the US to find his party under fire for the more ambiguous statements made by many of its members.

The intensity of the attacks has perhaps been somewhat overplayed. True, police and their relatives have been shot at several times, and homes have been gutted by petrol bombs. But the large number of incidents includes relatively minor stonethrowing attacks, and so far there have been no serious injuries.

The attacks have tended to be confined to working-class Protestant housing estates, mainly in Belfast, and most officers affected belong to the RUC Reserve. The reserve accounts for 2,750 of the full RUC strength of 11,000, and though many are full-time, their duties are chiefly supportive.

Bearing the brunt of "frontline" duty falls on the more highly paid main RUC force, most of whom live in middle-class areas. The RUC says police families in the so-called ghetto areas may have to move out, but, in the words of one officer: "There are still plenty of areas where the police can live safely."

The RUC also knows that there is no shortage of new recruits. Last year 4,648 people applied to join the full force (390 were appointed), a figure which probably has not diminished much.

Mr Alan Wright, chairman of the Police Federation in Northern Ireland and no lover of the Anglo-Irish agreement and its effect on the RUC, has also said that he does not foresee the RUC crumbling. "We have had 242 members murdered. If that will not break our spirit or resolve, then I don't think attacks on our homes will break our resolve," he said last weekend.

Certainly the RUC is stretched, performing as it does tasks as wide-ranging as anti-terrorist border work to petty crime detection. But Sir John remains adamant that, with second-line army back-up, the RUC can cope with the strains it is likely to face this summer.

Addressing the question of who is behind the attacks on the police, which have included street riots and attacks on police patrols, raises the question of where the campaign against the agreement stands and who, if anybody, is making the running.

The Government and RUC say they believe the attacks to be a mixture of spontaneous hooligan outbursts and orchestrated paramilitary activity. They are sharp in their criticism of the DUP for a lack of outright condemnation, which, they say, amounts to "a nod and a wink" at ground level.

A senior Ulster Defence Association man in West Belfast, scene of much of the violence, said paramilitary co-ordination of the campaign had grown nightly. He favoured its continuation, believing more pressure could break the police and with them the agreement.

"I would say attacks on the police in the last week have had more effect in the campaign against the Anglo-Irish agreement than the politicians have had in six months," he said.

However, even among the paramilitaries there is a lack of cohesion on how to proceed. The same UDA man was angry that a new Unionist co-ordinating committee, encompassing the DUP, UDA workers' committees and other hardliners, had issued a statement on Wednesday night calling for a halt to the attacks on the police.

The co-ordinating committee is a potential umbrella group that could direct those in favour of more direct action from outside the two main parties. But it has yet to assume a leading role, so far avoiding, for example, calling an all-out strike, perhaps fearing a lack of all-out support.

Meanwhile, the DUP and the OUP are to some extent floundering. Mr Peter Robinson, Mr Paisley's deputy, and others in the DUP have positioned themselves to play a role whatever turn events may take. But there is deep suspicion of them in the OUP, which fears a slide through mounting violence to an open policy of Ulster independence.

As a result, no coherent campaign on the lines of the threatened "withdrawal of consent" has really materialised.

Differences between the two parties have long been present but were submerged by their common opposition to the agreement. The OUP is the party chiefly of old-style, middle-class unionism, with an emphasis on traditional parliamentary politics.

The DUP, the child of Mr Paisley, has its roots in rural Presbyterian fundamentalism but, more recently, has built strong working-class support, especially in Mr Robinson's stronghold of East Belfast.

Its hallmark is no-holds-barred street politics, spiced with anti-papist fervour, a style which most OUP supporters find highly distasteful.

Lack of political direction has its own dangers, as the violence of the past 10 days has illustrated. To minimise tensions, both London and Dublin have significantly toned down their stances on the agreement.

While making it clear the accord will not be scrapped, there is much talk of implementing it with "sensitivity," with the implication that meetings of the inter-governmental conference and actions by it would slew down if the Unionists were prepared to enter talks.

This falls short of even the minimum demands of moderate Unionists who fear the UK Government has decided that the Loyalist community must be taken on and subdued before any progress can be made. It is hard to find anybody in Northern Ireland or the Republic who believes an early resumption of talks between at least some Unionists and Mrs Margaret Thatcher, the British Prime Minister, is possible.

Barring a surprise, the next few months seem to offer the grim prospect of more violence which will increase pressure on the RUC. The first manifestations may come if a young Protestant on a life-support machine after being hit by a plastic bullet in Portadown dies before or on May 5 when the Apprentice Boys of Derry are planning another holiday march in Portadown.

GM 'still prepared' to buy BL units

GENERAL MOTORS is still interested in acquiring Leyland Trucks and Land Rover, according to Mr Paul Tosch, who took over as chief executive of GM's Bedford commercial vehicles subsidiary in December, writes John Griffiths.

However, he said the British Government would have to make the first move.

If talks were to reopen, GM would maintain the stance it had taken from the beginning of negotiations early last year: that any deal would have to embrace both Leyland Trucks and virtually all operations of Land Rover, including its Freight Rover vans business.

GM had made concessions on how Land Rover's ownership might be structured to take account of nationalistic sentiment. But, Mr Tosch said: "In development terms the only deal that makes sense for GM is BL's commercial vehicles operations as a whole."

□ **WORKERS** at Hitachi, the South Wales-based Japanese TV and video manufacturer, have voted overwhelmingly to accept the lower of two pay offers put to them in a pay settlement which paves the way towards a merit-based pay structure.

The company and its single union, the EETPU electricians, claimed that the deal was a further innovative step for the plant and a development of the plant's strike-free agreement.

Workers accepted a 3 per cent flat-rate offer in preference to a 4 per cent offer which would have involved changes in working time.

□ **BRITISH** and other European navies should have been alongside the US Navy in its recent exercise in the Gulf of Sirte, which led to conflict with Libya, Dr David Owen, Social Democratic Party leader, told US newspaper correspondents in London.

He said that, if Col Muammer Gadaffi, the Libyan leader, was "not checked in every legal way possible, then more innocent people will be killed in the air and on the streets of London and other Western cities."

□ **STEEL** production in Britain averaged 326,000 tonnes a week in March, 4.9 per cent higher than in February but 5.2 per cent less than in March 1985.

Production in the first three months of 1986 averaged 392,100 tonnes a week, 1.8 per cent higher than in the same period of 1985.

□ **A PLEA** by Britain's church leaders, led by Dr Robert Runcie, the Anglican Archbishop of Canterbury, failed to move the Government from its determination to push through new Sunday trading laws. The churchmen presented Home Secretary Mr Douglas Hurd with a petition signed by 768,000 people.

□ **F. H. TOMKINS**, a fast expanding and acquisitive industrial holding company, yesterday launched a £175m all-paper takeover bid for Pegler-Hattersley, an engineering group with interests ranging from valves to bathroom taps.

Profile, Page 30

Split in Cabinet over energy price benefits

BY MAX WILKINSON, RESOURCES EDITOR

SHARP DIFFERENCES emerged in Cabinet yesterday between the Department of Energy and the Treasury about the extent to which electricity consumers should be allowed to benefit from the recent fall in oil prices.

Last week, the Central Electricity Generating Board (CEGB) said that it could save the equivalent of up to £500m in a full year if it switched over from burning coal to oil in its power stations. This would be enough to cancel out the 5 per cent rise in electricity tariffs which were announced recently.

The CEGB is now having tough talks with the National Coal Board (NCB) to try to get a substantial cut in its £3.3bn coal bill. Otherwise, it has threatened to start up its oil-fired stations.

Yesterday the Cabinet economics committee debated the issue for more than an hour, with the main argument centring on effects on the NCB and its finances.

Mr Peter Walker, the Energy Secretary, appears to have told his colleagues that he is in favour of allowing electricity consumers to benefit from cheaper oil to the maximum extent possible. However, he does not believe that too much extra pressure should be put on the NCB at a time when morale is recovering from the coal strike and capacity is being successfully reduced.

The Treasury, represented by Mr John McGregor, the Chief Secretary, and Mr John Moore, the Financial Secretary, made it clear that it was unwilling to sanction any extra subsidy to the NCB to compensate it for lower coal prices. The only way to cut electricity prices without increasing the NCB's subsidy would, therefore, be to cut the board's costs by accelerating the programme of pit closures.

Treasury ministers appear to have argued that it would be wrong to give electricity consumers a large price cut and to force extra pit closures unless it was believed that oil prices would remain depressed for some considerable time.

The Electricity Council, which oversees the supply of power, has told the Government, however, that it is determined that the benefit of cheaper oil should be passed to consumers without delay.

The outcome of the negotiations is likely to be a compromise between the CEGB's demand for £500m-a-year price cut and the NCB's opening figure of about £100m. Each £100m represents a 1 percentage point tariff reduction.

At question time in the House of Commons yesterday, Mrs Margaret Thatcher, the Prime Minister, hinted that there would be some reduction but said the amount would depend on negotiations between the two nationalised industries on the price of coal.

RTZ plans £35m tin mines write-off

BY KENNETH MARSTON, MINING EDITOR

RIO TINTO-ZINC, the London-based international mining and industrial group, has put aside £35m to cover the possible closure of its Cornish tin mines. This precautionary write-off has been made in the light of weak tin prices following the collapse of the International Tin Agreement.

The mines, notably Wheal Jane near Truro – acquired in 1979 – and the veteran South Crofty near Redruth – bought in 1984 – employ about 1,000 workers in an area of high unemployment.

The mines are losing money with costs of about £7,000 a tonne of tin compared with an open market price of less than £4,000. More seriously affected is the independent higher-cost Geevor mine at Pendeen, near Lands End.

No firm decision on the future of the mines has been taken. It is hoped the Government might come to their rescue. The results are expected soon of a study into the possibility of reducing costs and returning the group's Cornish tin operations to profitability.

Mr J. D. Birkin, chief executive of RTZ, said yesterday the position was "serious." He added that continuing losses on the present scale could not be allowed to continue. "We must ensure that anything that is run is viable," he said.

Government aid could alleviate the position of Cornwall's tin mines, but they have to compete with lower-cost producers elsewhere in the world.

Meanwhile, the world market for tin is burdened with large surplus stocks and has yet to find new industrial customers to replace those lost to other materials, notably in the packaging of beverages and other consumer products.

It is possible RTZ could find employment elsewhere for the Cornish miners. But the problem facing them is that moving from Cornwall to new jobs would – apart from other considerations – bring the financial hurdle of finding higher cost homes with the proceeds of sales of their existing low-priced property.

RTZ yesterday reported 1985 net profits from its worldwide operations of £236m against a restated £215.5m in 1984. The rise in energy earnings offset a lower return from the group's industrial and metals interests. It is hoped that this year a better performance by the industrial and metals side will counter the effects of lower oil prices in the energy sector.

Lex, Page 22

Pilots may boycott terrorist states

By Michael Donne, Aerospace Correspondent

A BOYCOTT by international airline pilots of nations harbouring or encouraging terrorists came a step closer in London yesterday.

Captain Reginald Smith, the US president of the International Federation of Air Line Pilots' Associations (Ifalpa) said the executive committee of the body had proposed "international boycott action, to act as a deterrent against those states which gave sanctuary to hijackers."

This action, if approved by the London meeting of Ifalpa, would be conveyed to the UN and other international organisations. Capt Smith urged the associations' 64,000-member pilots "to approve new policies after the worst year in international civil aviation history."

He suggested that in future any airliner subjected to "unlawful interference" should be regarded as being "in distress." This meant that aircraft commanders would be entitled legally to call for "maximum service and assistance" wherever it sought to land.

It would mean an end to the familiar process of shunting hijacked airliners from one country to another until accepted by an airport as a case of emergency.

In another suggested change, Capt Smith said Ifalpa would press for all passengers and all baggage to be security-screened at airports.

Christopher Parkes on the report that clears irradiation for treating food

Soft sell of radiation with a friendly face

MISADVENTURES in the UK nuclear industry have cast a cloud of suspicion over the concept of radiation with a friendly face. It is not an easy one for the public to accept – least of all at the dinner table.

A report by Britain's chief medical officer published by the Government yesterday says that irradiation is a safe and effective means of pasteurising and preserving food. But the study represents only the beginning of a long debate. In the months ahead consumers will almost certainly be bombarded with opinions from every quarter, from rarified academics to the lunatic fringe.

At the end it will be up to the Government to decide whether food laws should be changed to allow the sale of irradiated food.

Then, the food manufacturers and retailers will face the choice. For the moment they, and even the companies specialising in irradiation technology, are holding their fire. Irradiation offers them a valuable tool which can open new marketing opportunities, but they will not bring it into service until they are certain that they are not going to frighten or alienate the shopper.

For once, consumers are being presented with a real choice. Their verdict is crucial. "The irradiation companies will ask the food makers to adopt the process. They in turn will ask the retailers, and the retailers will leave it to the public," says Mr John Deffenbaugh, a management consultant with Peat Marwick.

His soundings around the industry indicate that, barring disasters, and allowing for a debate running into next year, the first irradiated foods could be on sale in the UK two years from now.

Many European countries, Japan and the US allow the sale of some foods. But nowhere has the introduction progressed more smoothly than in the Netherlands.

The Dutch, as truculent and intractable a race as the British and deeply imbued with a sense of consumer rights, have taken readily to irradiation, thanks to a considered and organised education programme.

Mr Dick Westendorp, director of Consumentenbond, the Dutch equivalent of the Consumers Association, says his first step was to undertake his own research. Eventually convinced that irradiation involved no hazards and even offered advantages to consumers, Consumentenbond began a whole-hearted education programme. It actively supported the introduction of the process through its regular magazine, leaflets, on television and in co-operation with the Government.

Since 1969, when the Dutch Government first allowed the sale of treated mushrooms, Mr Westendorp has registered no significant objections from any quarter. Now the list of irradiated products includes spices, soft fruit, rice, shellfish and poultry. The education process continues. Even now the public are welcome to visit irradiation factories to see for themselves.

In the US, where the debate is still going on, the Food and Drug Administration is gradually opening up the trade with a tactical approach. Last July it approved the irradiation of pork, a meat to which there was some residual consumer resistance because of the risk of infection with the trichinella organism.

This approach produced an immediate favourable reaction among consumers because of the type of food involved. Mr Deffenbaugh suggests that ultimately a similar programme might be the best way of gaining acceptance in the UK.

The UK Government could start with products which should be treated on "public safety" grounds, such as imports of spices, often home to a host of bugs.

Murdoch journalists set deadline for peace

BY HELEN HAGUE

JOURNALISTS on two of Mr Rupert Murdoch's News International titles have voted to hold a secret ballot on industrial action if the company has not reached a settlement with the print unions by April 30.

Members of the National Union of Journalists on the News of the World yesterday followed the lead given by colleagues on the Sunday Times. They aim to increase pressure on NI management to move speedily towards ending the dispute, in which 5,500 printers have been sacked following the group's move to a new high-technology plant at Wapping in London

The two other NUJ chapels (office branches) inside the Wapping plant – The Times and The Sun – are due to vote on a similar motion next week.

All journalists reporting for work at Wapping are defying an NUJ instruction not to cross picket lines.

Yesterday, Mr Harry Conroy, the union's general secretary, addressed mandatory chapel meetings from all four titles and urged members to obey the instruction.

The union's executive will decide whether or not to instigate disciplinary proceedings against Wapping journalists for breaching the instruction at its eve-of-conference meeting in Sheffield next Monday.

The executive cannot be seen to condone industrial action ballots linked to a union instruction that is being ignored.

However, a move to begin disciplinary procedures against the entire Wapping membership could wreck the chapel-based moves towards pressurising management.

● Ms Brenda Dean, general secretary of the general print union, Sogat '82, said yesterday a quarter of the union's officials were not being paid, because the union's funds have been seized by the courts.

Plan for civil service shake-up aims to end government logjam

BY HAZEL DUFFY

SIR JOHN HOSKYNS, director general of the Institute of Directors and former head of the Prime Minister's policy unit, will today unveil a plan which could signal the beginning to reform of the machinery of government.

The proposal drawn up by Sir John and his co-authors is modest. Britain should have a "cabinet" system giving each Cabinet Minister a private executive office of six to eight people with its own political appointees, independent experts and researchers.

Its merit is that it could be implemented by the next incoming government without much fuss and at the relatively low cost according to his estimates of £7.7m.

The plan aims to encourage a debate on what needs to be done to break through the logjam at Westminster and Whitehall, described by Sir John as the "embattled culture of a small and often exhausted world."

It is a personal ambition which he failed largely to achieve when he headed the Prime Minister's policy unit. The need for reform, however, is confirmed increasingly by interested bodies such as the Royal Institute of Public Administration, the Association of First Division Civil Servants (the senior civil servants' trade union) and, privately, by some ministers and officials.

Central to the need for change is the state of the Civil Service. It is hailed by most ministers and former ministers as "the best in the world," but there can be no escape from the fact that it has taken a battering.

The Thatcher years, with their emphasis on the private sector, have taken their toll on people who put public service at a premium. "Civil servants never expect to be loved, but they feel particularly unloved at present," says one senior member.

They are also working in a declining industry – manpower has fallen 18.5 per cent to 596,000 since 1979 and is expected to fall by a further 6,000 by 1988. Government pressure to increase efficiency, enshrined since April in a "running costs" target set annually for each department, has its attractions with greater management responsibility being devolved down the line.

But it also makes many civil servants feel more exposed under the glare of scrutiny and conscious of the fact that the emphasis on efficiency puts service in second place.

Pay, however, is perhaps the overwhelming factor. Senior civil servants are likely to say pay is not everything in discussing morale, but most of the half million white-collar civil servants would not agree. Modest pay increases in recent years have put them generally below the private sector.

In the current pay round, the unions are waiting for the Government to come back with an improvement on its 5 per cent offer. All the unions except one have rejected the Treasury's attempt to secure a long-term pay scheme.

Recruitment difficulties are most acute in the lowest grades, and particularly in London, and for certain specialist and professional skills. Special category top-up payments are already in force to alleviate the problem, as is an experiment giving divisional heads the discretion to make extra payments for computer technologists.

But the problem is also apparent higher up, and particularly at the principal level where it is more one of retaining staff than recruitment. The three-year experimental performance pay bonus scheme, applicable to this and higher grades, launched last year has not been a popular concept although the Treasury says the £4m allocated to the scheme in 1985-86 has all been paid out.

A survey of attitudes to the scheme is being conducted for the Management and Personnel Office which will be ready in June. Anecdotal evidence, however, suggests it has not been the success the Treasury had hoped for in remedying the retention problem.

The Civil Service Commission, which will present its annual report next week, is expected to urge the Government to come up with new ideas on making the Civil Service more attractive to people whose promotion prospects have been dented by cutbacks in senior grades, and some of whom find finance and industry beckoning.

Mr Denis Trevelyan, who heads the commission, wants more secondments between the business sector and the Civil Service, both to broaden the civil servant's experience and to increase understanding of Whitehall by business.

Sir John Hoskyns believes there should be more movement, the rarity of outsiders in Whitehall being one of the defects which has led to the clogging up of the machinery. But his proposal, naturally, is more radical than that of the commissioners. He wants civil servants in the "cabinets" as a step towards recognising the civil service cannot continue functioning on its apolitical foundations.

A proposed new code of ethics for civil servants – most relevant to those in contact with ministers – will soon come from the Commons Treasury and Civil Service subcommittee which has been investigating the duties of civil servants in relation to ministers. Its report – although perhaps stopping short of the civil service ombudsman that some of the committee members would have liked to recommend – promises to be an important contribution to the debate which Sir John Hoskyns wants to get moving.

The Argyll offer for Distillers.

Value of the Argyll offer:

760p

Current Distillers share price:

703p

Argyll higher by:

+57p

Argyll's offer remains open until 3pm Wednesday April 16.*

*Argyll reserves the right to extend this offer until April 18.

FIGURES BASED ON THE MARKET PRICES AT 3.30PM ON 10TH APRIL 1986. THE ABOVE VALUE IS FOR ARGYLL'S FINAL INCREASED BASIC OFFER AND TAKES ACCOUNT OF AN ESTIMATE BY ROWE & PITMAN, PANMURE GORDON & CO. AND SCRIMGEOUR VICKERS OF THE VALUE OF THE NEW CONVERTIBLE PREFERENCE SHARES OF ARGYLL. THE VALUE OF THE CONVERTIBLE PREFERENCE SHARES OF ARGYLL IS ESTIMATED BECAUSE THEY ARE NOT PRESENTLY QUOTED.

UK NEWS—BANK OF ENGLAND BULLETIN

OECD inflation likely to fall and output expand

BY GEORGE GRAHAM

CONSUMER PRICES in the seven major industrial countries grouped in the Organisation for Economic Co-operation and development could be as much as 3 per cent less, and total output as much as 3 per cent more, three years from now if oil prices stabilise at $15 a barrel rather than at $30, the Bank of England says in its latest quarterly bulletin, published yesterday.

Some of these gains will be eroded as the effects of faster growth, including greater demand for primary products, increase costs. Yet, in the first two years or so, lower oil prices will contribute to the progress made in reducing inflation.

Cautious monetary policies, reinforced by tight fiscal policies in most countries, are thought to be responsible for having cut the rate of inflation in the seven OECD economies from an average of 4.25 per cent in 1984 to 3 per cent in 1985.

Progress has been helped, the Bank says, by slower growth of unit labour costs in manufacturing in most countries. After adjustment for the state of the economic cycle, these costs rose by only 1.25 per cent in aggregate in 1984, and by less than 2 per cent in 1985.

Modest wage settlements helped, especially in the US where earnings continued to rise by only 4 per cent a year. Productivity growth in the seven economies averaged about 2.75 per cent.

In the UK, however, average earnings continue to rise by 8 to 9 per cent a year, and the Bank repeated its plea for a reduction in this rate to take account of lower inflation.

Bank of England Quarterly Bulletin; Economics Division, Bank of England, London EC2R 8AH; £27 a year.

For developing countries that are not oil importers, the combination of lower oil prices, lower interest rates, a weaker dollar and higher exports to the OECD economies should ease financial difficulties. However oil exporters with large external debts will face serious problems, the Bank says.

Mexico, whose economic position was deteriorating even before the oil price falls of recent months, is only the most conspicuous example. Nigeria, Indonesia and Egypt are among the others.

These countries have to adjust, in due course, to any permanent reductions in their foreign exchange earnings, but the Bank says that, in some cases, consideration may have to be given to easing this transition within the framework of the initiative taken by Mr James Baker, US Treasury Secretary, for tackling the debt problems of developing countries.

The Bank sees little prospect that these financial difficulties for oil exporters will be eased by any strong recovery in oil prices. Potential output overhanging the market would seem to preclude a rebound, unless some restraint of supply were achieved.

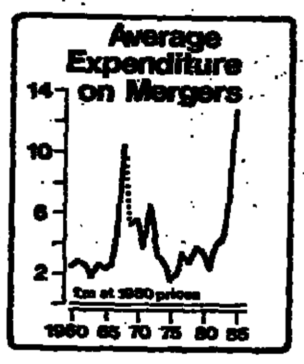
Members of the Organisation of Petroleum-Exporting Countries differ in the period over which they expect to be significant oil exporters, and so have different preferences for present and future prices.

Takeovers increase to record

By George Graham

COMPANY mergers and takeovers rose sharply in 1985 to reach a record. In real terms, the value of takeovers was double that of its last peak in 1972.

Takeover activity was also estimated to be higher than in 1968, the previous record year, although that period's figures are for statistical reasons not directly comparable.



The rise last year came mainly as a result of a few large mergers. The average was larger than in 1972 or (after allowing for the statistical differences) than in 1968.

The surge in takeovers and the doubling last year of net new equity issues to £5.2bn coincided with a continuing rise in the stock market. There is some anxiety, however, that the surge could foreshadow a downturn.

UK price rises to ease with oil fall

BY GEORGE GRAHAM

BRITISH inflation will benefit from lower oil prices while the negative effect on the UK's trade balance will only be temporary, the Bank of England says in its quarterly bulletin.

Between the third quarter of last year and mid-March, nominal oil prices fell by about 45 per cent in dollar terms. Over the same period sterling's effective exchange rate index fell by about 9 per cent and the pound rose by 6 per cent against the dollar, so that sterling crude oil price virtually halved.

The UK will be indirectly affected by this fall in oil prices because of the drop in inflation in the main industrial nations, which are net oil importers, and the likely rise in demand and output.

Consumer price inflation in these countries may be 1 per cent lower this year than it would otherwise have been, and next year inflation may also be 1 per cent lower.

Lower prices in these countries will raise real incomes, profits and the real value of financial wealth, thereby increasing domestic spending. Gross national product growth could benefit by up to 1 percentage point this year and perhaps another percentage point next year.

Growth in these markets may be offset for UK exporters by contraction of demand in member-states of the Organisation of Petroleum Exporting countries. The UK's share of the export markets, however, should increase as a result of the better competitive position that has resulted from sterling's depreciation. Some of these benefits should occur this year, although the full effects are likely to take two years or so to come through.

The Bank says half of North Sea oil production is consumed in the UK so for this portion of output the UK as a whole is now worse off as a result of the fall in oil prices. There is, however, a transfer of income within the UK from producers and government to oil users.

For North Sea oil exports, consumers abroad gain from lower prices at the expense of the UK. The recent fall directly reduces net national disposable income by about 1 per cent, which shows up in the current account of the balance of payments as a direct loss of up to £3bn at likely 1986 levels of production.

The main factor limiting the impact on the balance of payments will be the decline in the exchange rate that has accompanied the fall in oil prices. There will be some worsening in the terms of trade as a result of the depreciation but improvements in real net trade will increasingly have a more dominant effect.

The Bank suggests that a 9 per cent fall in the effective exchange rate should be enough to offset the effect of lower oil receipts on the current account after about four years. The improvement in the non-oil current account will follow from improved competitiveness but could be upset by higher wage settlements.

If oil prices fall by a certain amount, a fall in the exchange rate of about a quarter the size in percentage terms is necessary for retail price inflation to remain unaffected. In fact, the depreciation since the third quarter has been less than this, resulting in an improvement in inflation prospects.

EFFECT ON THE UK OF THE RECENT FALL IN OIL PRICES* AND THE EXCHANGE RATE

Changes relative to base	1986	1987	1988
Oil price: (dollars per barrel)	−11.80		
Effective exchange rate (per cent)	−9		
Dollar/sterling rate (per cent)	+6		
Oil trade balance (£bn)	−3	−3	−2¼
Current balance (£bn)	−2½	−1½	−½
PSBR (£bn)	+3½	+2½	+1½
Consumer price inflation (percentage points per annum)	−¼ to ½	−¼ to ½	—
GDP growth (percentage points per annum)	+½	+1	+½
Unemployment ('000s)	−25	−150	−275

Source: Bank estimates

* Assuming no difference in tax rates, government expenditure, interest rates or wages as a result of the price fall.

The immediate effect on the Retail Price Index (RPI) comes from lower petrol prices. A 50 per cent fall in sterling crude oil prices should cut the index by about ¾ per cent, the bank says.

After that, prices of imported goods can be expected to rise in response to the weaker exchange rate, so that, on balance, prices this year as a whole may be ¼ per cent to ½ per cent lower than they would otherwise have been.

Next year the index should again benefit by the same amount, with the reduction in UK manufacturers' costs resulting from the oil price cut being only partially offset by higher sterling costs of other imports.

Lower UK inflation will tend to raise real incomes, because wages and salaries have an inertia of their own. This will help to reinforce the effects on activity of the improved real net trade outlook.

Stronger demand should result in a faster growth of output and a decline in unemployment. In total, gross domestic product may rise ½ a percentage point faster this year and 1 percentage point faster next year than would otherwise have been the case, and unemployment could fall by more than 250,000 by 1988.

The Government's loss of oil tax revenues should increasingly be offset by the effects of higher activity on non-oil tax receipts and of lower unemploymet on social security costs. The net cost to the public sector borrowing requirement should fall from £3.5bn in calendar 1986 to about half that in 1988.

Opec objectives 'incompatible'

BY GEORGE GRAHAM

THE RAPID fall in oil prices shows that the objectives of the Organisation of Petroleum Exporting Countries for price and output are incompatible, the Bank of England says in its quarterly bulletin.

Recent months have shown that both demand for oil and non-Opec supply of oil are virtually rigid over such short periods but, over longer periods, Opec's price increases have led to significant savings in the use of oil and to more intensive exploitation of non-Opec oil reserves.

Oil prices still remain more than twice as high in real terms as they were in 1973, the Bank says, although they have fallen below the level that obtained before the Iranian revolution in 1978.

Demand for oil in the seven industrialised countries in the Organisation for Economic Co-operation and Development fell sharply between 1979 and 1983. Under the cumulative influence of increased real prices of oil, demand has remained sluggish since then, despite the recovery in world economic activity.

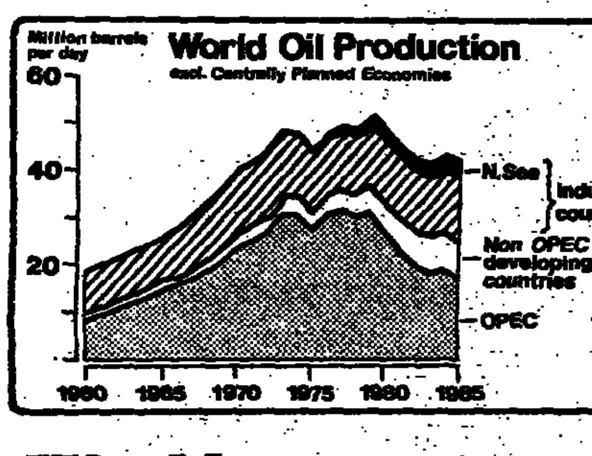
OECD oil demand was nearly 20 per cent less last year than in 1979, and 16 per cent less than in 1973. Oil consumption per unit of output in the OECD countries has dropped by nearly 40 per cent since 1973, and the share of oil in total energy demand, in the seven economies has fallen from 52 per cent to 43 per cent in 1985.

Non-OECD oil demand has risen overall by about 40 per cent since the early 1970s, the Bank says, but most of this rise has come in the Opec countries themselves. Oil demand among developing countries which are not in Opec has declined since 1979.

Besides lower oil demand, increased supply from non-Opec countries has severely squeezed Opec's oil production. Since 1973, non-Opec oil production, excluding the centrally-planned economies, has increased by more than 50 per cent.

Most non-Opec oil is produced at much higher cost than is Opec's output, but the exploration and exploitation of non-Opec oil was encouraged by the sharp price increases of the 1970s.

Between the early 1950s and the time of the first oil price shock in 1973-74, Opec's share of a rapidly expanding world oil market had risen from a third to nearly two-thirds. Since then, however, its share has fallen at an accelerating rate.



World current accounts worsen

BY ROBIN PAULEY

CURRENT accounts for the major countries in the Organisation for Economic Co-operation and Development, the non-oil developing countries and the oil exporting countries all deteriorated during the last quarter of 1985.

The combined current account deficit of the main seven economies increased by $5bn (£3.4bn) in the last quarter, the worsening US deficit more than countering the renewed strengthening of the Japanese surplus.

However for the whole of 1985 the current account deficit fell by about $10bn in spite of a deterioration of $11bn in the US deficit which totalled $118bn. This was because the combined West German and Japanese surpluses increased by $21bn to $62bn.

China was largely responsible for the very poor state of the current account of the non-oil developing economies whose deficit for 1985 more than doubled to $26bn compared with $11bn in 1984.

The Chinese had a $2.5bn surplus in 1984 but this was turned to a sizeable deficit in 1985 as the Chinese growth rate increased sharply, causing a rise of a third in imports.

The oil exporting countries suffered deteriorating current accounts in the last two quarters of 1985 although for the whole year the deficit was $8bn com-

As their current accounts worsened the oil exporters drew increasingly on their investments, their identified assets falling by $3bn in the second quarter and $4.3bn in the third.

Nevertheless, the dollar value of the overall stock of deployed assets of the oil exporters still showed an increase of $3.4bn over the 12 months to the end of September 1985 when they totalled $410bn. This is because of asset revaluations reflecting the decline of the dollar's inter-

The bulletin details the extent to which the sharply falling oil price in the three months to the end of February prevented sterling from matching the gains made by other major currencis against the weaker dolar.

During this period the pound touched all-time lows against the D-Mark, the guilder, the Swiss franc and the yen. The pressure on the pound was accentuated for a time by the political repercussions of the Westland affair.

Gold was very active and sometimes extremely volatile during the three months to the end of February, improving as tension mounted between the US and Libya.

TECHNOLOGY

Jane Rippeteau on how companies are using digital networks to transform their internal communications

Tying together those far flung outposts of a business empire

RONALD BELL, manager of telecommunications for The Imperial Group, the tobacco, brewing, leisure and foods combine, has a problem. He can never tell on an up-to-date basis how much of which lagers or spirits patrons are consuming in his company's some 4,000 pubs around England.

Bell hopes some day to solve that problem with advanced telecommunications networks. Automated cash registers, and perhaps even optical readers on beer pumps, would record sales on a personal computer (PC) placed on site for the pub manager. Overnight, while patrons slept, a headquarters computer would be instructed to call up each pub's PC, gather its sales data, process it into reports, and forward it to the electronic "mailboxes" of regional sales managers.

The information "could be easily read by managers the next morning," says Bell. "And products running low could be automatically re-ordered. At the moment we have very little control of what even goes on in a pub."

Just about every company of size with dispersed business locations is worried these days about building the very sort of private telecommunications links now preoccupying Bell.

At issue are multi-purpose connections carrying voice data and even video at once over the same telephone lines. They operate in the digital language of the computer rather than in the analog, or wave, form of conventionl telephone technology.

Such lines provide not only better quality and more capacity but because they are controlled by computer, they make possible services of immense value to businesses and other users. The Imperial Group alone plans to spend £1.5m between now and January setting up what Bell calls "a fairly significant network" of such end-to-end digital links.

Many companies — including most of the Fortune 100, and some 90 per cent of British Telecom's top 200 business customers, according to industry watchers, already have networks using conventional technology. They were set up to cut costs for high-volume users, and carry mainly voice traffic.

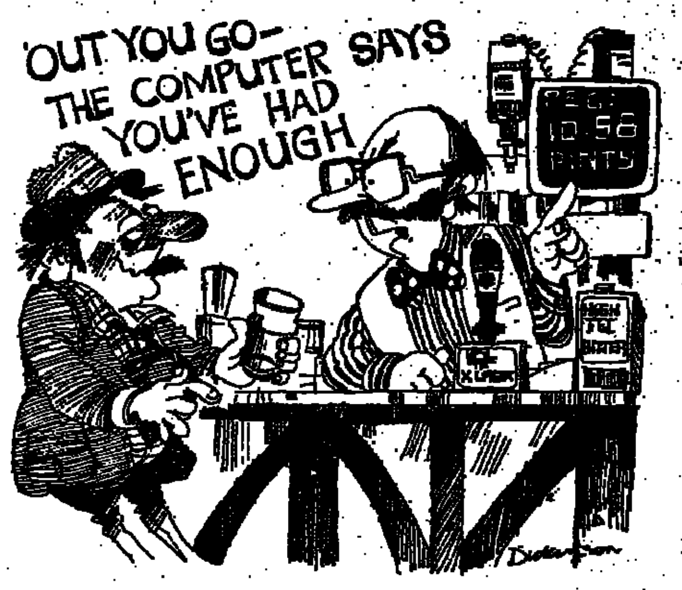
But now, with data communications needs soaring, digital networks are in. "Most networks are now hybrid," mixing digital and analog equipment, says David Ogram, head of national accounts at British Telecom. But companies are "moving toward replacing those old analog networks with digital ones." In the UK alone, BT executives say, voice traffic increases 8 per cent yearly, but data traffic is rising by 30 per cent per annum—with most of that occurring in private networks.

An important feature of digital networks is that voice and data traffic can be simultaneous. For instance, two product designers separated by a continent could talk on the telephone while at the same time sending each other work on their computer-aided design terminals. Another feature helps companies with a variety of different desktop computers that cannot communicate with each other, because the network can be programmed to make such conversions automatically.

Similar manipulation brings special telephone call capabilities such as automatic logging of time, cost and the client that should be charged.

Another feature, data compression, makes some lines roomy enough for videoconferencing. The Royal Bank of Scotland was among the first UK companies to introduce such in-house capability, which now is gaining popularity as a travel costs-cutter. "Most major banks are either thinking about it or implementing it," says Ogram of BT.

Despite the desirability of end-to-end digital communications, not all companies are rushing to create such links. Some may be discouraged by an already large investment in modems, the devices that convert digital data to analog form and vice versa. Also, depending on a company's location, it may run foul of regulations governing supply of telecommunica-



tions services by telephone operating companies.

One contentious point involves companies wanting to bypass local telephone companies by setting up satellite links from the roof of one building to that of another far away. Big corporate customers account for the largest share of income, and the phone operators are reluctant to let such lucrative business out of their grasp. Regulated monopolies in Europe, called PTTs, can disallow bypassing.

Most companies lease lines directly from the traditional carriers.

The world telephone network is already converting to digital transmission and switching, and many in the industry have been hoping that this would occur soon in a fashion standardised worldwide so that digital communication on a public network would be available to everyone —even residential users.

The concept, a subject of continuing debate in a world standards-setting body, is called the integrated services digital network, or ISDN. But it is developing too slowly for multinationals that need the capability now. "If you are based in the UK, and have manufacturing in western Europe, you can't wait for (public authorities) to build" such a network, says Peter Copping, of PA Computers and Telecommunications.

Electronic Data System, the telecommunications and computer services subsidiary of General Motors, has stepped into this void, and is busily building a private international network called EDS-Net, to "rent" to companies wanting to hand the network-building job to somebody else. "We do what an internal telecommunications manager would do if a company had one," says John Hubert, managing director of EDS's UK division.

General Motors originally bought EDS partly for this network building and management capability. EDS absorbed the carmaker's entire data processing staff, and now treats GM as a client. After its specacular US success, EDS is expanding into overseas markets, where it believes demand for information processing services among multinationals is growing 25 per cent faster than in the US.

Last year Unilever hired EDS to convert its existing analog private network to an all-digital one, capable of handling both computer and voice communications. EDS gobbled up some 100 people running information services in Unilever's dual Rotterdam and London head offices. So far, Unilever is the sole UK customer of EDS-Net.

The network consists of high-capacity lines leased from respective domestic carriers—Mercury and British Telecom in the UK. A link to the US, from London to Auburn Hills, Michigan, is a satellite connection capable of transmitting 1.5m bits of data per second, and hooking into the North American portion of EDS-Net, according to EDS.

EDS, by buying equipment and services from a variety of suppliers, handles the job of converting differing transmission speeds. Users signing on for the ride are thus freed of such headaches.

The company's ability to offer customers services on its EDS-Net is currently limited by some national regulations. But the example is spurring telephone companies to compete with similar services. They are beginning to see provision of ISDN-like digital capability as a way to keep themselves attractive to big business customers.

British Telecom is tapping into the market by supplying a growing number of high-capacity lines that it will make available to business users developing their own networks. A basic channel transmits data at a rate of 64,000 bits every second, and BT is already setting up these "kilostreams" on a pre-provided basis. Lines for 95 per cent of its potential private business customers will be in place by the middle of next year, says Ogram.

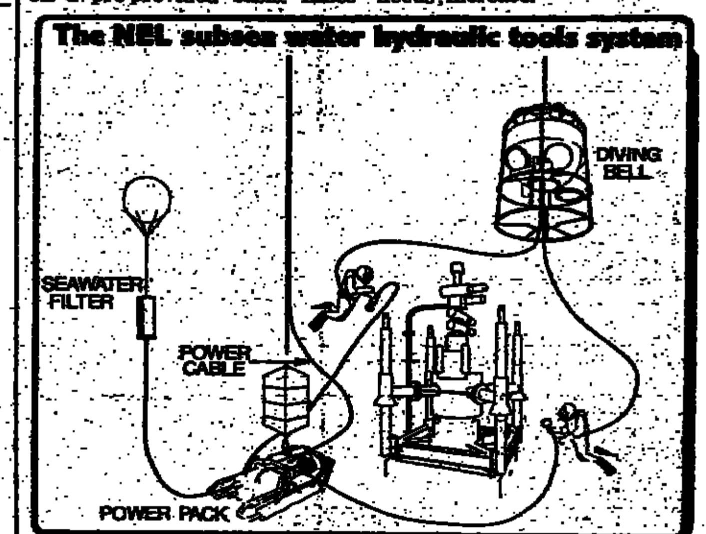
So-called megastreams range in capacity from 2m to 140m bits per second. BT sets these up only on demand. British Petroleum is a recent customer.

In a typical scenario, says Ogram, a company would lease a megastream for major links between headquarters and regional offices. Peripheral circuits—such as the sort needed for Bell's pubs—would be of the lower capacity kilostreams.

According to industry observers, the rise of private digital networks with ISDN capabilities is, proportionally more pronounced in the UK than in the US or Europe. "The impetus is the availability of digital lines" from BT and Mercury, suggests Bell of the Imperial Group. Whatever the reason, lack of access to this text-generating capability is sure to frustrate companies as the volume and sophistication of their data transmission needs increase.

Technology Page

From next week the Technology Page will not be published on Mondays.



Subsea tools that use water pressure

HYDRAULIC TOOLS and power units for subsea use are being developed by the UK's National Engineering Laboratory under contracts placed by Shell and Esso that are expected to total £6.5m.

NEL's initial target will be a range of tools and power packs for use by divers down to 400 metres (1,300 feet).

Dowty Hydraulic Units, Fenner Fluid Power, Stanley Power Tools, Aqua Hydraulics, Comex Houlder Diving and Wharton Williams will co-operate and will be able to use, manufacture or market resulting developments worldwide.

The direct supply of electricity (at any voltage) to equipment used by divers is ruled out on safety grounds. One solution has been to drive hydraulic pumps electrically to supply oil under pressure to work hand tools. But viscosity of the oil can produce unacceptable pressure drops unless big hoses are used, making working cumbersome. In addition, a leak can produce serious loss of underwater visibility.

NEL has already examined hydraulic systems using both fresh and sea water. They offer a low viscosity working fluid that does not need to be stored like oil, can produce no pollution from leaks, and have convenient hose dimensions.

The overall NEL approach will be electrically to feed a buoyant hydraulic power unit from the surface and take hoses from it for each diver's use.

But mineral and biological particles will have to be removed from the input water to the compressor, to keep wear of moving parts to a minimum. A system will be developed allowing quick changing of filter elements.

WORTH WATCHING

EDITED BY GEOFF CHARLISH

THE ASIC, or application-specific integrated circuit, takes a step forward with the announcement by Ferranti of "differential logic," which it describes as a "radical approach to logic function design." (The ASIC provides a basic, partially pre-determined semiconductor "chip" structure which the user can arrange to suit his own electronic circuit needs, cutting costs for small runs.)

Based on advanced bipolar technology with components on the "chip" spaced by as little as six microns (millionths of a metre), differential logic is claimed to improve the processing speed of the chip's circuits from two to four times and reduce power consumption.

The technique involves steering electric current through pairs of transistors instead of single gates, resulting in faster switching with less power. The first products, the DS series, work at 100 MHz and have 500 to 10,000 gates per chip. Ferranti Electronics is in Oldham, UK, on 061 624 6515.

PAPER DESIGNED to reflect faithfully the character of the original Domesday Book, for the production of a limited facsimile edition, has been developed and made by Wiggins Teape Fine Paper Mills, Basingstoke, Hampshire.

Since no commercial special papers in existence match the appearance and qualities of natural vellum parchement, one had to be created. The "purpose-built" paper is dust and acid free and has an expected life of several hundred years. More on 0256 20262.

COMPUTER-AIDED design (CAD) for integrated circuits is the subject of a £20m project under the Esprit programme in which ICL of the UK, Siemens in West Germany and Thomson of France will take part.

Some 300 man-years of work spread over four years will be devoted to seeking new CAD methods that will be able to cope with the very dense integrated circuits of the future.

THE FRAGCASTER, a continuous casting system that converts molten iron alloys into consistently-sized pieces of solid material, has been sold by British Steel Corporation to Finnfjord Smeltverk of Norway — the first sale of the machine.

Developed by BSC's Teeside Laboratories, Fragcaster produces solidified slabs and breaks them into pieces of about equal size — an important requirement for the feedstock used in subsequent metal processes.

CD-ROM, which stands for "compact disk read only memory," a Philips data recording development derived from its hi-fi optical disk for music reproduction, is the subject of an agreement with Microtrends of Schaumberg, Illinois.

The US company will market the Philips drive with a controller card it will make itself, to bring optical recording technology to the Apple 2e desk top microcomputer.

MICROCOMPUTER SALES: Romtec's UK market share figures in Monday's Technology Page were for 1984, not 1985 as implied. The 1985 figures (percentage of units sold) are: IBM 41; Apricot 15; Apple 7; Olivetti 7; Compaq 4; others 26.

MORGAN GUARANTY, the large US bank, announced in February that it was merging its commercial and investment banking operations into a single corporate finance group controlled by Bob Engel, the bank's treasurer.

Not, perhaps, the stuff of high drama. But it caused a big stir in the banking world because it was the furthest any leading bank has yet gone in adapting to the changes that are going on in the banking industry.

What Morgan was effectively saying was that commercial banking—taking in deposits and making them into loans in the traditional way—was now less important than investment banking, the process of raising funds for customers by underwriting and dealing in securities. Noteworthy was the fact that the new group is to be headed by a man whose stock trade is not loans but financial markets.

Morgan's competitors all applauded the move. But few of them will be able to match it because Morgan has always been more of a large merchant bank, a route also followed by Bankers Trust. For most banks, the move into investment banking—dominated as it is by the fast-moving securities houses of Wall Street, Tokyo and the Euromarkets—is a much more arduous, not to say nerve-racking, business, requiring big changes in culture and structure.

High costs, unfamiliar risks, regulatory barriers, lack of track record—these are the hurdles banks must overcome if they are to deploy their natural advantages: vast capital resources, a wealth of business contacts, and an ability to offer a much wider range of services than securities houses. Three banks—Citicorp in New York, Barclays in London, Sumitomo in Tokyo—typify the challenges facing management.

On the face of it, Barclays has a flying start. Of the world's three leading financial centres, London alone allows banks freely to enter investment banking. Barclays is buying a stockbroker and a jobber which it will merge into its merchant bank to create Barclays de Zoete Wedd (BZW), an investment bank with £250m in capital.

"Our strategy is very simple," says Sir Martin Jacomb, the merchant banker hired by Barclays to be BZW's chairman. "It is based on the view that banking and securities operations will continue to come together. So the need for major commercial banks to float and distribute securities will continue to grow."

Financial conglomerates

Global wrestling match hots up

David Lascelles continues his series with a look at strategies for changing markets

In practice, though, Barclays lags much of its UK and US competition, partly because it has been slow to shake off the traditional clearing bank mentality and perceive the growth of investment banking, partly because of what Sir Martin calls "local restrictions" — the closed shop of the London Stock Exchange which is only being opened up this year.

Barclays has only limited securities operations in New York and Tokyo (though it has the solid base of a $16bn banking business in the US). But it may buy a primary government bond dealer in New York (something Sir Martin did for Kleinwort Benson two years ago when he was vice-chairman of the merchant bank), which would pitch it straight into the world's largest securities market. It is also close to applying for a securities licence in Tokyo.

"We have a great deal to do in New York and Tokyo and Hong Kong," Sir Martin concedes. "And in terms of importance there is no distinction between them. They are all critical. But in terms of priorities our domestic market must come first."

Sumitomo, on the other hand, is barred by Japanese bank regulation from most securities markets except, through special dispensation, the Euromarkets and the Japanese government bond market. This is a source of enormous frustration, and has created an absurd situation where Sumitomo is supposed to bring people over from its London subsidiary to Tokyo to solicit securities business from Japanese companies. Executives also complain that this barrier has prevented them developing a good swap and investment management business.

But Sumitomo is determined to move into investment banking "wherever we can," according to Ichiya Kumagai, head of the international banking group, and it has set itself the goal of becoming Japan's first all-round financial conglomerate. Tokuyuki Ono, manager of the bank's New York branch, expects this will take some time. "The barriers are high, and the distances far." Whether this will prevent Sumitomo and other Japanese banks achieving the same dominance over world markets as their industrial brethren is an intriguing question.

Sumitomo strengthened its international presence with the acquisition two years ago of a controlling interest in Banca del Gottardo, a leading Swiss bank in the underwriting and investment management business. This was one of the most ambitious overseas moves yet made by a Japanese bank and it was undertaken both to expand Sumitomo's range and give it a closer insight into the workings of the international capital markets.

Citicorp, with characteristic force, has tackled similar regulatory obstacles with some success and established what is — on paper at least — one of the most impressive worldwide securities operations to have emerged so far: government bond dealerships and stock exchange seats in London, New York and Tokyo. However, Citicorp still cannot issue securities for corporate clients in the US — a handicap which Richard Huber, the group executive in charge of investment banking, says, is "like trying to fight with one hand tied behind your back." This puts Citi (and Morgan Guaranty, too, for that matter) behind the Wall Street securities houses.

Structurally, Citicorp is adapting to the new world by merging its investment banking and treasury operations, reasoning that since they both deal in the capital markets they belong together. This move — which has been done by other US banks too—had the approval of John Reed, Citicorp's new chairman who came up on the retail banking side and could — some people feared — have said no.

Citicorp Investment Bank, as the group is now called, earned nearly half Citicorp's $998m profits last year, which might seem a powerful justification for the new strategy were it not that the bulk of this came from traditional treasury dealings in a boom year. Investment banking has still to prove itself.

And though the new group has given a clearer identity to what Citi is trying to do, it has added to the bank's notorious internal strife; people's careers have been disrupted, senior officers are leaving, and the commercial bankers are jealous of the investment bankers' six figure bonuses. Expertise on the investment banking side is also thin, so more outsiders will have to be brought in though whether this will cause Citi to stumble is doubtful. A former Citibanker, now on Wall Street, comments: "They have an unmatched ability to shoot themselves in the foot and still win the race. It's probably because every year they try to hire the very best people they can find."

Barclays will not try to bundle up its investment banking side as tightly as Citicorp. "BZW will act as a separate division of the bank," says Peter Leslie, the group chief executive. "But there will be close co-operation, with each handling some aspects of our capital markets activities."

In many respects, though, BZW will be quite distinct. It is housed a couple of blocks away from Barclays' Lombard Street headquarters in a new building by the Thames. The cultural differences have been sharpened by the performance-related salaries offered to BZW staff and Barclays' refusal to recognise a trade union there—all very much in City rather than clearing bank spirit.

Even so, these changes point in the general direction in which Leslie is trying to steer Barclays. "The hierarchical bank is a thing of the past. Each year we part company with people whom we feel are not performing as well as they should."

Culture is quite a different matter at Sumitomo. The strong institutional cohesion of Japanese banks will probably spare it Citicorp-type strains. But even in Tokyo, the banking employment market has become more fluid, especially among the ambitious young—the effect of financial liberalisation and the huge influx of foreign banks. "We receive many applications," says Kumagai. "But usually we do not take someone from another bank because we have doubts about why they left."

Sumitomo's relatively later arrival on the international scene could be an advantage. It is not saddled with a sprawling global branch structure that other banks built up in the glory days of international banking. Instead it can concentrate on the most attractive new markets, probably the US and the Far East, according to Kumagai.

Citicorp and Barclays intend to draw on their geographical reach to bring corporate customers to the big central capital markets, and then distribute their securities to the widest gamut of investors. "We may not be number one everywhere. But we're strong in an awful lot of markets," says John Phillips, who is responsible for marketing Citicorp Investment banking products round the world. "Clients want broad based distribution."

To achieve their goals, all these banks have had to accept that the costs will be huge. Sumitomo is spending $300m installing a new international computer network which will come into service next year. Citicorp spent $50m on investment banking technology last year, with another $60m budgeted for this year. Barclays is creating a 600-position dealing room for BZW in London and is about to upgrade its facilities in New York (where it has completed its own 36-storey building), and Tokyo.

Will it all yield good returns? "Our increased concentration on these markets will make them more perfect, will reduce the spreads. That's certainly true. But we can't take the view that we'll spoil the party if we go in," says Huber of Citicorp, whose dependence on investment banking profits will probably be the greatest of the three in the foreseeable future.

Sumitomo admits that aggressive pricing has been its main weapon in the past, and that it may have to concentrate more on quality of service to boost its returns, especially if, as seems likely, bank capital requirements for Japanese banks are raised by the Tokyo authorities. "In the past we were mainly concerned with size. We must now be more concerned with profits," says Ono.

Barclays is taking a cautious line. "We are not expecting BZW to make substantial profits in the first couple of years," says Leslie. "But after that we shall be looking to it to match our goals of 25 per cent pre-tax return on capital."

Previous articles appeared on April 2, 7 and 9.

BANKING: THE NEW FRONTIERS

		
JOHN REED	SIR MARTIN JACOMB	ICHIYA KUMAGAI
CITICORP, New York	**BARCLAYS, London**	**SUMITOMO, Tokyo**
1985 profits: $998m	1985 profits: £449m ($650m)	1985 profit: yen77bn ($308m)
Assets: $174bn	Assets: £65.2bn ($94.5bn)	Assets: yen 31,000bn ($124bn)
Shareholders' equity: $7.8bn	Shareholders' equity: £3.3bn ($4.8bn)	Shareholders' equity: yen635bn ($2.5bn)
Offices in 93 countries	Offices in more than 80 countries	Offices in 29 countries
The world's largest banking organisation aims to be "all things to all people" in the financial services industry. Is a primary dealer in the US, UK and Japanese government securities markets, and a member of the New York, London and Tokyo stock exchanges.	The UK's 2nd largest bank, and 12th in the world, wants to create "a leading international securities operation." Is a primary dealer in the UK and Tokyo government securities markets, and intends to become a US primary dealer as well. Belongs to the London Stock Exchange, and is seeking a securities licence in Japan.	Japan's 2nd largest bank, and 6th in the world, aims "to accommodate every financial need." Is a member of the Japanese government bond syndicate, and has a Euromarkets subsidiary in London, but says that it is prevented from engaging more fully in securities trading by Japanese banking law.

NOTE: All profits are post tax. Figures for Citicorp and Barclays are year ending December 31 1985, for Sumitomo, year ending March 31 1985.

Management abstracts

Management implications of flexible manufacturing. D. K. Macbeth in International Journal of Operations and Production Management (UK), Vol 5 No 1 (6 pages)

Discusses the evolution of flexible manufacturing systems which meet the desired competitive criteria for customer service, price and delivery. Argues that it is essential for companies to install FMS in order to survive and that a strategy (of up to 10 years) is required for full integration. Concludes that top management must become involved in, and take, these strategic decisions rather than abrogate responsibility for them to lower levels.

The wit and wisdom of Japanese management. P. J. Buckley and H. Mirza in Management International Review (Fed. Rep. of Germany), Vol 25 No 3 (16½ pages).

While accepting that Japan has much to offer, urges caution, not least concerning the putative 'secrets' of Japanese-style management; supports the argument by challenging assumptions that Japan is more successful than the West, that success is attributable to Japanese-style management, and that Japanese management is unique; finds that Japanese management practices are transferable, and outlines the costs and benefits of applying them.

Managers or mannequins? M. Canniffe and K. Fitzgerald in Management (Ireland). (July 85 and Aug 85) (6¼ pages)

Reports trade union negotiators' views of the management opposite numbers. Many union officials have noticed a hardening of managerial attitudes recently, but their single biggest complaint is that they frequently find themselves dealing with managers who do not have an equivalent degree of authority and flexibility. Experience shows that the worst type of management negotiator is the one who plays the role of manager, but is little more than a messenger boy. A linked article explores management negotiators' views of the bargaining process, with a brief example showing how Cadbury (in Ireland) conducts its annual pay discussions; concludes that good negotiation is about careful preparation and knowing your opponents' strengths and weaknesses.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE PROPERTY MARKET BY WILLIAM COCHRANE

THE WORKPLACE REVOLUTION

Renting for prestige . . .

GETTING a better image for the organisation is the single most important reason why office tenants move out of one building, and into another, Angus McIntosh, head of research at Healey & Baker, puts this factor ahead of others like communications, proximity to market and working environment—and well ahead of fiscal/legal considerations like lease expiry and rent.

But there are significant variations. In a survey of over 200 respondents which anchors a new book from H & B entitled "The Workplace Revolution,"* image/prestige of address attracted 46 per cent of tenants for branch regional offices of companies, but only 6 per cent in the administration back room category.

H & B wanted to find out, for the first time on a national basis, what tenants wanted as consumers in terms of both office location and design in the mid-1980s. It acknowledges that much has been done specifically on the City of London—architect/researcher Frank Duffy of the DEGW partnership is featured accordingly, elsewhere in the book.

It concludes that a building's functional abilities, in terms of its structure, shape and flexibility, are by far its most important design quality. H & B also say that car parking is more important than it has ever been; and that an average figure of 7.84 employees per car space is a major problem when some employers calculate that over 70 per cent of their staff either drive, or would like to drive to work.

"The most revealing figure for the future of the office market was that 59 per cent admitted that they had no room in their present building for future expansion, regardless of the building's ability to be flexible," says Mr McIntosh.

H and B discern a certain dissatisfaction among many tenants with the overall internal services and amenities of their buildings. On features like internal environmental control, the firm itself goes further: "Our survey found that the designers of office buildings are failing to provide a reliable product."

It came as a surprise to the firm that very few tenants knew how much their building costs to occupy. 'While the majority were able to state the rent," says Mr McIntosh, very few had calculated how much it cost to repair, maintain and insure."

"Most also had no idea of the extent of the rates bill," he observed, "and only 18 per cent claimed that the level of rates influenced their decision to rent their particular building."

*Price £22.50 from Healey and Baker (reference APSM), 29 St George Street, Hanover Square, London W1A 3BG.

. . . and building for effect

PERHAPS the most forceful outside contribution to the book comes from Len Payne, a main director at supermarket group J. Sainsbury, who highlights the revolution in warehousing to dramatic effect. "Information technology has been the catalyst which has enabled consolidation of stocking points throughout the country, improving service levels at reduced cost," he says. "Many companies have been reducing the number of stocking points from over 50 to two, or three."

The optimum shed, he says, will be motorway-oriented—"the northern half of the M25 will provide excellent positions"—and 250,000 sq ft in size. The height should be capable of taking four or five standard pallet loads, meaning 100 ft.

"The site size is likely to be 15 acres, providing access to parking spaces for the largest vehicles which are operated," says Mr Payne. "There will also be a requirement for parking for cars of the staff who actually service the depot."

"The days of small warehouses with a high stock are undoubtedly numbered," he says. "High transport costs, dispersal and poor service for customers will be nails in its coffin."

Another M1 island for Town and City

TOWN & CITY, part of Sir Jeffrey Sterling's P & O Group, is at large on the M1 again, with a high tech plan for a 13-acre site overlooking the motorway and fronting the A41 at Elstree.

Last summer T & C went in for the 90-acre Bricket Wood site a little further north at the M1-M25 intersection, an island site known as the "Golden Triangle." It was green belt, zoned for agricultural use and, said T & C, had had its practical agricultural possibilities much curtailed by being cut off by the motorway development.

But the developer encountered a recalcitrant local authority in the St Albans City and District Council. T & C deputy chairman, Ron Jennings, says that the company has recently lodged a planning appeal to keep momentum going on this scheme, which takes in a low-density shopping (500,000 sq ft) and leisure centre.

Now T & C is back on the motorway at Elstree with, coincidentally: an island site, split off by motorway development; green belt and zoned for agricultural use; it is, says T & C and P & O director Basil Winham, a piece of land which the owner, Lord Aldenham, had found increasing difficulty in trying to farm.

The county authority is the same, in Hertfordshire; and although the district authority, Hertsmere, is different, it could probably be expected to take a theoretically similar position on green belt, agriculturally zoned land.

However Robin German, agent for T & C on the acquisition of an option over the site from the Aldenham Estate, thinks that a way will be found. Mr German, independent since January 1 of his family firm, John German at Ashby de la Zouche, found the site for T & C and is known for his connections with the successful Meridien business park outside Leicester.

He says that the site has been troubled with dumping — that, indeed, it faces a dump which has grown up over the years on the other side of the M1 — and the local authority might be persuaded to avoid another given a high tech/light industrial development with generous landscaping, parking for up to 500 cars and, most important of all, a local user to occupy it.

Mr Winham is looking to put between 80,000 and 100,000 sq ft on the site at an all up cost of between £55 and £60 a foot — £4.4m to £6m in toto. It could rent for £8.50 a foot, suggesting an investment value either side of £10m.

Savills acted for the Aldenham Estate and join Robin German as joint agents for the development. Robin German has various other straws in the wind, including retail park plans at Leicester, Stafford and elsewhere.

Ice rink for East Kilbride

RON GAMMIE, senior partner of Donaldsons, came back from his last shopping centre trip to the US with certain reservations about the type and economic scale of the leisure facilities which are so commonly associated with retail development plans these days.

With the new £25m Olympia development at East Kilbride—heralded as the most exciting town centre shopping and leisure development ever undertaken in the UK—where Donaldsons are project co-ordinators and letting agents—Mr Gammie points out that the ice rink incorporated in the scheme is to be subsidised by the East Kilbride Development Corporation.

Other leisure elements in the centre, which takes in 153,000 sq ft of new retailing space, include an eight screen multiplex cinema, library, snooker club, fast food court and bars.

Ravenseft Properties, the retail development subsidiary of Land Securities, signed the funding agreement with the Development Corporation in London yesterday.

The Olympia is the fourth and final phase of East Kilbride Town Centre. It will create a climatically controlled environment, and will be linked with the successful covered Plaza Centre and Princes Mall.

The eight screen cinema will accommodate a total of 1,900 people.

JLW unit takes a licence to deal

"IF someone wants to finance a £200m building, we don't want people to say that we are only agents, that we can't 'do it' any more." Noel Taylor, a consultant to Jones Lang Wootton, explained yesterday why his firm has taken out a licence to deal in securities.

JLW's financial services unit has joined the National Association of Securities Dealers and Investment Managers, and has taken out the licence; it will not now be able to deal in property, the province of the parent partnership.

The unit now has the ability to compete with the City of London's new mega corporations, all of which seem busy exploring the securitisation of investment property.

"It's not us who are changing, it's the market" said Mr Taylor. "We are up among the leaders and that is where we intend to stay."

● Vehicles for the securitisation, unitisation, syndication of investment property are still whizzing round the market like so many empty fairground vehicles. Latest mooted are an LET combination with Salomon Brothers on a deep discount bond operation and Richard Ellis joining with County Bank, similarly favouring the debt route. A property to ride on one of these vehicles is most eagerly awaited.

● Healey & Baker and Storey Sons & Parker claim the sale of what is thought to be the largest single industrial property currently on the market in the UK. Acting for Caterpillar Tractor and asking £3m, they have sold 750,000 sq ft on 50 acres at Birtley, just out of Newcastle upon Tyne to Tyne & Wear County Council — which is believed to have paid just over £2m for it on behalf of Komatsu, the Japanese construction equipment manufacturer.

● Much smaller, close to London's M25 orbital motorway, industrial sites come much more expensive. Danny Desmond's Bride Hall Group paid Turner & Newall £1.4m for two acres on the M1 at Maylands Avenue, Hemel Hempstead, where it has just prefunded 53,000 sq ft of high tech development for completion in December.

● Weatherall Green and Smith have opened a representative office in Tokyo—meanwhile their City of London office moves from Austin Friars to the City Tower, 40 Basinghall Street, this weekend.

● Capital and Counties is developing 100 ft deep space in a 112,000 sq ft high tech development on six acres at Basingstoke. L. S. Vail introduced the site.

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Brussels, 28 March, 1986.
Official notices will be published on 2 and 11 April 1986 (in the Belgian Official Gazette on 2 April 1986 only).

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Dividend Notice

The shareholders are informed that a dividend of US$ 0.09 per share has been declared payable on or after April 11, 1986 to shareholders of record on April 1, 1986, against surrender of coupon No. 1.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7¼% per annum. Interest payable October 14th 1986 against Coupon No. 11 will be $184.06 against $5,000 Note by Chemical Bank London (Agent Bank).

LINREAD PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the Company will be closed from Wednesday 30th April to Wednesday 14th May 1986, both dates inclusive, for the preparation of dividend warrants.

By Order of the Board
K. J. MORRIS
Company Secretary

Personal

CLASSIFIED ADVERTISEMENT RATES

From January 1, 1986

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	11.50	39.00
Residential Property	9.00	30.00
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Classified Advertisement Manager
Financial Times, 10 Cannon Street, London EC4P 4BY

APPOINTMENTS

Senior posts at Ladbroke Group

LADBROKE GROUP has appointed two additional executive directors to its board: Mr Michael B. Hirst, managing director of Ladbroke Hotels, and Mr Jerry F. O'Mahony, the group's head of corporate finance. Mr Hirst joined Ladbroke in 1976 as operations director of holidays division following 12 years with THF. He has been a director of Ladbroke's catering and social clubs divisions and was joint managing director of the hotels and holidays divisions before being appointed managing director of Ladbroke Hotels in January 1985. Mr O'Mahony was appointed head of corporate finance in October 1985, having joined Ladbroke as group financial controller in 1979 from Ellerman Group.

Mr Berjis Daver has been appointed managing director of Ladbroke Racing. He was assistant managing director. Mr Daver has also been appointed to the executive committee of Ladbroke Group.

★

TRIUMPH ADLER (UK) has appointed Mr J. M. Letherbarrow as managing director. He joins from British Telecom, business systems, and takes over from Mr Bernhard Kolarski, who moves to another post in the group.

★

BRITISH STEAM SPECIALTIES GROUP has appointed Mr Ian H. Phillipps its chairman in succession to Mrs H. P. Wandby. He has been a non-executive director of the group for five years. Previously he was a director of Tube Investments and chairman of WGI.

★

Mr Robert Ware has been appointed a director of CLAYFORM PROPERTIES.

★

Mr Keith Rentall has been appointed financial director of the recently established INTELLIGENCE TECHNOLOGY HOLDINGS GROUP. He will have responsibility for the group's four subsidiaries. Mr Rentall is also company secretary for each UK subsidiary.

★

BROWN SHIPLEY INSURANCE SERVICES has made the following appointments: Mr M. J. Rusby has become a director of Brown Shipley Insurance Services; Mr C. Barker has been appointed deputy managing director of Brown Shipley Insurance Brokers M. & I.; Mr G. Ford is a deputy managing director of Brown Shipley Insurance Brokers (UK); and Mr D. Pressey has been made a director of Brown Shipley Insurance Brokers (UK).

★

Mr Frank Wilson has been appointed group production director of TOMKINSONS.

★

Mr David Noble has been appointed to the board of C. T. (LONDON) as marketing director. He joined last July from the Thorn EMI foodservice equipment manufacturer Stott Benham, where he was marketing manager.

★

Mr Bryan Cowgill, deputy chairman of Mirror Group Newspapers, has been elected to the board of SELECTV. Mr Cowgill will represent BPCC and Pergamon's interests in SelecTV. He was previously managing director of Thames Television for eight years and is now responsible for Robert Maxwell's cable and satellite interests.

★

At PHOENIX TIMBER Mr David H. Darke has been appointed group managing director. He joins Phoenix from Investors in Industry where he was an industrial adviser.

★

Mr Gordon Webb, managing director, Churchill Hotel, has joined the board of DUNHAM HOTELS as a non-executive director.

★

Mr Simon Bee, UK consumer divisional chief executive, Mr Tony Coles, UK services divisional chief executive and Mr David Travis, group director of personnel, have all been appointed to the board of SKETCHLEY.

★

Mr J. E. Munden has been appointed director of the CATERING EQUIPMENT MANUFACTURERS ASSOCIATION (CEMA).

★

Mr Paul Parsons, managing director of STONEGATE FARMERS since 1974, has been appointed chairman and managing director. He takes over from Mr Hugh Finn who has retired.

★

Mr Peter Atterby has been appointed deputy managing director of LUXUS.

★

Mr Kenneth Sinclair, company secretary and financial controller, has been appointed to the board as finance director of HAWTAL WHITING HOLDINGS.

★

Mr K. J. Wiseman has been appointed managing director of CARLESS SOLVENTS succeeding Mr K. Turner who continues as chairman. Mr A. Morgan, managing director of Bulldog Petroleum has been appointed to the board of Carless Petroleum with responsibility for distributor and retail activities.

★

Mr Simon Ellen will join BARING BROTHERS AND CO., on April 21 as a director. He will be chief executive of Baring Wilson and Watford.

★

THE DECLAN KELLY GROUP has appointed Mr Harry B. Caswell as land director. He was land manager.

Company Notices

CANON INC.

Advice has been received from Tokyo that the Board of Directors has declared a payment of DIVIDEND of Yen 6.25 per share for the six months period ended 31st December 1985.

[illegible]

Italy — USA
Korea — West Germany

To obtain payment under deduction of Withholding Tax at the reduced rate of 15%, residents of the above countries must furnish a declaration of residence as required by the Japanese Ministry of Finance. The declaration in respect of holders resident in the United Kingdom is incorporated in the listing form.

For residents of all other countries a separate declaration must be furnished, giving the name and address of the beneficial owner, the number and definitive numbers of EDR's/BDR's held, and attesting that he is entitled to the 5% Tax Relief pursuant to the Tax Convention between Japan and the country concerned.

Share EDR/BDR holders resident in the Republic of Korea will receive payment under deduction of Withholding Tax at the reduced rate of 12% and residents of Zambia without any deduction *subject to the provision of a declaration* as set out above.

Attention is drawn to the fact that the above mentioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within 8 months of the record date. Thereafter tax will be deducted at the full rate of 20% and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

United Kingdom Income Tax at the appropriate rate will be deducted from the proceeds unless the Coupons are accompanied by a United Kingdom Affidavit of Non-residence.

Full information may be obtained from
HILL SAMUEL & CO. LIMITED
45 Beech Street, London EC2P 2LX

THYSSEN AKTIENGESELLSCHAFT

WESTMINSTER BANK LIMITED
DEPOSIT CERTIFICATES

National Westminster Bank PLC gives notice that claims may now be lodged for the twenty-fourth dividend due 24 March 1986, on the Deposit Certificates at the rate of £0.216763 per DM 10 Unit.

[illegible]

Revenue declaration:
Gross Dividend of DM 1.00 per Unit £0.289017
25% German Tax £0.072254
United Kingdom Income Tax at 15% on Gross Dividend £0.043352

Claims should be lodged at Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ, on special forms obtainable from that Office.

United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in Space No. 27 provided on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificates for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

Legal Notices

IN THE MATTER OF
TROJANBROOK LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 2nd day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Swaden, FCA, of 46 Rodney Street, Liverpool L1 9AA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of April, 1986.
D. SWADEN,
Liquidator.

IN THE MATTER OF
STEADFAST LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 4th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Michael Jeffery Isaacs, FCA, of 3rd Floor, Peter House, Oxford Street, Manchester M1 5AB, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 4th day of April 1986.
MICHAEL J. ISAACS,
Liquidator.

BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE

US$30,000,000 Floating Rate Notes 1982-1988

The rate of interest applicable to the interest period from April 9 up to October 9 as determined by the Reference Agent is $7\frac{7}{16}$ per cent per annum, namely US$37.81 per Note of US$1,000.

Art Galleries

Clubs

THE ARTS

Opera and Ballet

PARIS

Maguy Marin company: May B in honour of Samuel Beckett's 80th birthday. Centre Georges Pompidou, Grande Salle. Premier Sous-Sol. (4278 7995).

Sofia's National Opera and Choir present Prokofiev's War and Peace alternately with Mussorgsky's Khovantchina (concert version). Théâtre des Champs Elysées (4723 4777).

Groupe Emile Dubois dances Mammame as an expression of the intelligence and mystery of bodies at the Théâtre de la Ville (4274 2277).

Salome, co-produced with the Zurich Opera, conducted by Kent Nagano with Edda Moser in the title role, alternates with Maurice Bejart's Soirée at the Paris Opéra (4266 5022).

LONDON

Royal Opera, Covent Garden: Concert performances of Semiramide and yet another revival of Barbiere di Siviglia, this one conducted by Alberto Zedda and a cast led by Gino Quilico and Ann Murray. (240 1066).

English National Opera, Coliseum: Lionel Friend takes over Parsifal from Reginald Goodall; with luck the production might have acquired some dramatic point as the run has progressed. Valerie Masterson still holds sway as The Merry Widow, while the acrobats arrive for The Bartered Bride. (836 3161).

NETHERLANDS

Amsterdam, Stadsschouwburg. The Netherlands Opera with the Italian section of the CIVIL warS by Philip Glass and Robert Wilson, directed by Robert Wilson. The Netherlands Philharmonic under Lucas Vis, and the Netherlands Chamber Choir conducted by Siebe Riedstra (Tue). (24 23 11).

Scheveningen, Circus Theatre. The Nederlands Dans Theater with Jerome Robbins' Afternoon of a faun (Debussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janacek). (Thur). (55 88 00).

Amsterdam, Meervaart, Typhoon from the Krisztina de Chatel Dance Group (Thur). (10 73 93).

WEST GERMANY

Berlin, Deutsche Oper: Die Soldaten, produced by Hans Neuenfels. Don Giovanni brings Cheryl Studer, Pilar Lorengar and Lenus Carlson together. Katja Kabanova has Karen Armstrong in the title role. Elektra has fine interpretations by Helga Dernesch, Ute Vinzing, Marita Napier and Hans Beirer. (34 381).

Hamburg, Staatsoper: Manon Lescaut stars Rosalind Plowright and Franco Ronisolli. Also My Fair Lady. (35 11 51).

Frankfurt, Opera: Don Pasquale has Barbara Bonney and Bodo Schwanbeck. Der Rosenkavalier features guest singer Aage Haugland, Barbara Bonney, Helena Doese and Adalbert Waller. Eugen Onegin has Benjamin Luxon in the title role. Orpheus in der Unterwelt rounds off the week. (25 621).

Arts Week

F	S	Su	M	Tu	W	Th
11	12	13	14	15	16	17

Cologne, Opera: Tristan und Isolde with Spas Wenkoff, Waltraud Meier and Jeannine Altmeyer is an event of more than passing interest. Cosi fan tutte is a Jean Pierre-Ponnelle production. The Rake's Progress has Georgine Resick and Josef Protschka in the main parts (20 761).

Munich, Bayerische Staatsoper: Fidelio has Sabine Hass, Siegfried Jerusalem and Kurt Moll. Der Fliegende Holländer has Robert Schunk in the title role beside Astrid Varnay and Sabine Hass. Carmen, sung in French, is conducted by Guiseppe Patanè. Also Elektra and Madame Butterfly. (21 851).

BRUSSELS

Theatre Royale: The National Opera conducted by Sylvain Cambreling. La Finta Giardiniera by Mozart.

ITALY

Rome: Teatro dell'Opera: A new production of Massenet's Herodiade (in French) conducted by Gianluigi Gelmetti. Excellent cast includes Monserrat Caballe (in the part of Salome). Juan Pons as Herod, Agnes Baltsa and Jose Carreras. This is the first Rome performance and the first performance in Italy since 1919. (46 17 55).

Milan: Teatro alla Scala: Three ballets by the Russian Choreographer, George Balanchine: Balletto Imperiale and Pas de Deux to music by Tchaikovsky, and The Prodigal Son to Prokofiev's music. (80 91 26).

Trieste: Teatro Comunale Giuseppe Verdi: Un Ballo in Maschera with Adelaide Negri, Ambra Vespasiani and Carlo Cossutta (63 19 48).

Parma: Teatro Regio: Cavalleria Rusticana (with Elena Obraztsova and Nicola Martinucci) and I Pagliacci conducted by Algis Saraitis and directed by Giorgio Belledi. (795 678).

Naples: Teatro San Carlo: Don Quichotte by Massenet conducted by Jan Pascal Tortelier and directed by Piero Faggioni (also responsible for the scenery and costumes). In the cast are Ruggero Raimondi, Martha Senn, Muchel Trempont and Aldo Bramante. (41 82 66).

NEW YORK

Metropolitan Opera (Opera House): The week features Parsifal conducted by James Levine with Leonie Rysanek and Peter Hofmann; Don Carlo with Mara Zampieri; Sir Peter Hall's production of Carmen conducted by James Levine with Maria Ewing in the title role and Catherine Malfitano as Micaela. Lincoln Center (362 6000).

Exhibitions

ITALY

Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

WEST GERMANY

Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1887-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings assemblages, collages and sculptures. Ends Apr 20.

Stuttgart, Staatsgalerie, Konrad-Adenauer-Str. 30-32: German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1905-85 by 50 artists. Ends Apr 20.

Hamburg, Museum für Kunst und Gewerbe. Steintorplatz 1: Also to honour Kokoschka, this museum is showing his complete works for the theatre. The 250 items cover costumes and set designs. Ends Apr 27.

Düsseldorf, Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 25.

LONDON

The Tate Gallery: 40 Years of Modern Art is a huge, rambling and always fascinating display marking the retirement of Ronald Alley, Keeper of the Modern Collection for the last 20 years. He has chosen and arranged the show, drawing only on the Tate's stocks. Revival of critical interest in European work before 1960 has meant that the influence of the New York School is no longer the power it once seemed. The work now take its place with its international peers. The Tate stands among the best of modern collections, and this show makes clear its unique character of generosity and openmindedness. Ends Apr 27.

PARIS

Vienna 1880–1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a *fin de regne* is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (4277 1233).

From Rembrandt to Vermeer. 60 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

BRUSSELS

The Phoenicians and the Mediterranean World. Sculptures, ivories, jewelry and glass from Tyre, Sidon, Byblos, Malta, Thebes & Carthage. Société Générale de Banque. Ends May 6.

SPAIN

Madrid, "Max Ernst": A vast retrospective of master of surrealism on show for the first time in Spain gathers 125 works of his early Dada, frottages, collages and later stages: surrealist works up to his death. On loan by the Moma, Centre Pompidou, Guggenheim and Menil centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundacion March, Castello 77. Feb 28 to April 27.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Czeschka – many on public view for the first time. Applied Arts Museum, ends June 8.

NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Franceschinis. Ends May 1.

WASHINGTON

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

TOKYO

Noh Costumes and Kyogen Masks: 20 beautiful costumes from the Edo period (17th-19th century) and Kyogen masks from original 14th century era of consolidation of Noh into its present form. Okura Museum in front of Hotel Okura. Ends Apr 20. Closed Mon.

Music

LONDON

London Soloists Chamber Orchestra conducted by David Josefowitz with Mayumi Fujikawa, violin. Ifor James, horn, and Julian Cawdry, flute. Mozart. Queen Elizabeth Hall (Mon). (928 3191).

Arditti String Quartet with Miriam Bowen, soprano and Alberto Portugheis, piano. Ginastera and Dutilleux. Queen Elizabeth Hall (Tue).

London Symphony Orchestra conducted by Michel Plasson with Barry Tuckwell, horn. Chabrier, Damase, Roussel and Berlioz. Royal Festival Hall (Wed). (928 3191).

Chick Corea Elektrik Band: Ronnie Scott's, Frith Street (439 0747).

BRUSSELS

Palais des Beaux Arts. Franz Liszt Chamber Orchestra – Bach, Mendelssohn, Bartok. (Tue). (512 50 45).

PARIS

Orchéstre Colonne conducted by Claude Baron, Gerard Poulet, violin: Prokofiev, Dutilleux, Brahms (Mon). Salle Pleyel (4561 0630).

Brigitte Fassbaender recital (Mon). Théâtre de l'Athenée (4742 6727).

Orchéstre National de France conducted by Gary Bertini: Duparc, Berlioz, Stravinsky (Tue). Théâtre des Champs Elysées (4723 4777).

Bach Recital on two pianos: Millette's Alexander and Frank Daykin (Tue). Salle Gaveau (4563 2030).

Schoenberg and Zemlinsky lieder – Elizabeth Laurence, mezzo, Daniel Cade, piano (Wed 6.30pm). Centre Georges Pompidou, Grande Salle (4261 5875).

Orchéstre de Paris conducted by Semyon Bychkov, Shlomo Mintz, violin: Beethoven, Bruch, Shostakovitch (Wed, Thur). Salle Pleyel (4561 9607).

ITALY

Naples: Teatro San Carlo: American mezzo-soprano Shirley Verrett (Mon). (41 82 66).

Rome: Aula Magna delle'Universita la Sapienza (Piazzale Aldo Moro 1). Musica Oggi orchestra, Luigi Dallapiccola with the soprano Dorothy Dorow (Tue). (361 0051).

Rome: Teatro Olimpico (Piazza Gentile da Fabriano): London Early Music Group. Henry Purcell And The Most Fam'd Italian Masters, conducted by James Tyler. (Wed). (393 304).

Rome: Auditorium in Via della Conciliazione: Luciano Berio conducting Karl Stockhausen's Oberlippentanz for trumpet and orchestra, from the opera Samstag Aus Licht. Also Haydn and Berio's suite from his opera Un Re In Ascolto (Mon and Tue). (654 1044).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Edo de Waart, with Karita Mattila, soprano. Webern, Mozart, Elgar (Mon, Tue). Recital Hall: Raphael Quartet with Vovka Ashkenazy, piano. Mozart (Mon). Robert Holl, bass, accompanied by Rudolf Jansen, Schumann, Reger, Mussorgsky (Tue). (71 83 45).

Utrecht, Vredenburg. Recital Hall: Shostakovich Quartet. Prokofiev, Tchaikovsky, Beethoven (Tue). Marjanne Kweksilber, soprano, and Reinbert de Leeuw, piano. Mahler, Berg, Zemlinsky, Schoenberg, Wolf (Wed). (31 45 44).

Rotterdam, De Doelen. James Conlon conducting the Rotterdam Philharmonic, with Hanna Jaszyk, piano, Alfreda Hodgson, contralto, and Peter Lindroos, tenor. Mozart, Mahler (Thur). (14 29 11).

Maastricht, Staargebouw. Piano recital by Imogen Cooper. Haydn, Schumann, Schubert (Tue). (21 33 00).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Christopher Hogwood conducting, Jeanne Baxtresser flute, Judith Leclair bassoon. All-Mozart programme (Tue, Thur). Lincoln Center (874 2424).

Merkin Hall (Goodman House): Leonard Hindell bassoon recital. Handel, Beethoven. Mendelssohn, Hindemith, Françaix (Mon); Calliope. Italian Renaissance band music with guest artists Julianne Baird soprano and Stanley Charkey lute (Tue); Gervase de Peyer clarinet recital. Classical and English clarinet works (Wed); Music Spectrum. Boris Berman music director and piano. Duparc, Franc Boulez, Debussy (Thur). 67th w. of Broadway (362 8719).

Kaufmann Hall: Tokyo Quartet. Programme to include Mozart (Tue, Wed). 1395 Lexington Av (831 8603).

WASHINGTON

National Symphony (Concert Hall): Jean-Pierre Rampal conducting, Jean-Yves Thibaudet piano. Honegger, Liszt, Fauré, Beethoven (Thur). Kennedy Center (254 3776).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (48th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Rowan Atkinson (Shaftesbury): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom tyrannies. (379 5399)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Café Puccini (Wyndham's): Puccini compilation show by Robin Ray that deterioates rapidly from a good idea – writers singing hits back at the maestro customer – to a routine potted biography with trying new lyrics and uneven singing. (836 3028)

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800)

THE ARTS

Cinema/Nigel Andrews

Triumph of substance over show

A Room With a View directed by James Ivory

Heartbreakers directed by Bobby Roth

***Last Night at the Alamo* directed by Eagle Pennell**

Fright Night directed by Tom Holland

A Room With A View is another of those E. M. Forster novels, like *A Passage To India*, where an English heroine finds that an experience in a foreign country reaches parts of her soul that life in the Home Counties cannot.

This time it is not atavistic India but life-affirming, sensual Italy. Lucy Honeychurch, played in James Ivory's splendid film by Helena Bonham Carter, who looks like a Bonnard nymph with a pretty, puppy-fat face under a luxuriant bundle of brown hair, soaks up Florence and falls in love with a clarion-souled young Englishman of the wrong class (Julian Sands). Whisked back to England and the family bosom, she allows herself to be steered towards a more "suitable" engagement, with priggish, decent, pince-nez'd Cecil (Daniel Day Lewis). But then the ineligible chap, George, turns up again on her doorstep.

What will win? Duty or passion? The diktats of the home or the fiats of the heart?

It is now clear that the distinguished movie firm of Ivory-Merchant-Jhabvala — director James, producer Ismail, screenwriter Ruth—have got permanently twilight-zoned in the aureate past. After *Heat And Dust* (time-weaving and elegant trauma in the Raj d'or) and *The Bostonians* (Vanessa Redgrave and Superman dress up to meet Henry James), they have got their early-century glad rags out again and thrown them over the cream of English acting: Maggie Smith, Denholm Elliott, Judi Dench and Simon Callow included.

A Room With A View seems at first to be doing all that I usually detest in TV serialisations of literary classics: ploughing a scrupulously faithful (which is often synonymous with scrupulously unimaginative) furrow through the hallowed pages, scattering actorish poses and elocution all over the reproduction furniture, and then waiting for the harvest of critical applause and BAFTA prizes.

How come, then, that the Ivory approach works in the end, even triumphs, where the TV approach does not? Partly because the film-makers are utterly unapologetic about their source. They bang up on screen frequent chapter-headings straight from the book—all curlicued with griffins and lilies and violas in pensione-Pompeian style—and delight in loudly semaphored quote. And also because there is a vibrant sense of mischief here. It lends yeast to the literary fidelity and makes Forster's novel rise up like some showy, subversive cottage loaf.

Helena Bonham Carter—soul-searching in Italy

In Florence we are tossed about among a lot of shameless old British troupers: Denholm Elliott as George's Dad, squeezing out stage cockney from that face of shell-shocked bonhomie, Maggie Smith twittering through her nose as Lucy's chaperone, Judi Dench gabbling pixillated commonsense as Miss Lavish the lady novelist, Simon Callow a fat and bouncing Reverend Beebe. And yet substance consistently triumphs over show.

Indeed the beauty of Florence, and Italy's ability to work miracles of the heart, are all the more convincing for the contrast between the actors' pyrotechnic prattle and mannerisms and the silent, gorgeous, ageless wash of their surroundings: the gold and pink of a Florentine square at sunset, the surging field of barley where Lucy and George exchange their first and nearly final kiss—that emotional gunshot whose recoil sends Lucy straight into another man's arms and (almost) into a loveless marriage.

Throughout the movie, cameraman Tony Pierce-Roberts becomes the latest collaborator in Ivory's campaign of painterly splendour in his films. As we whirl through Forster's Jane Austen-like account of life in an English village, that roundelay of visiting cousins, eligible bachelors and afternoon tea, the screen is magnificently alert to pictorial nuance. A wind-gusted rose garden; a darkling indoor showdown between Lucy and Charlotte (Miss Smith) shot in late-afternoon silhouette; an Arcadian forest pool, lit with a watery sun, out of Poussin.

Simultaneously the performances deepen. Helena Bonham Carter switches from the one-note Alice in Wonderland truculence of early scenes to a performance that catches all the subtle switchbackings of adolescent emotion. Daniel Day Lewis and Julian Sands embody the artfully compound opposites—supercilious-solicitous and bashful bold, respectively—who are her suitors. And Denholm Elliott, as he pleads his son's case, resembles some lovable, runic old walnut with secrets deeper than you could crack.

A Room With A View is, in Forster's own opinion, the lightest and slightest of his novels. But Ivory and Co make it a social comedy whose ripples spread wide and witty and also stir deeper, moving currents beneath.

★

Comedy and seriousness interact in Bobby Roth's *Heartbreakers* too. We are in Los Angeles where the sun shines, the night life sparkles, and navel-contemplators of the world unite. Struggling painter Peter Coyote and millionaire friend Nick Mancuso sashay through this hedonists' haven, looking alternatively for true love and base passion. Instead they find departing wives (namely Coyote's—"When we make love, do we *communicate*?" is her Parthian cry) or svelte and icy teasers (Carole Laure in zip-up leather numbers as the art gallery secretary pursued by Mancuso).

Success is no less volatile in the career world than in the carnal. One moment Coyote cannot sell a painting and Mancuso lives high in a Hollywood hills mansion lined with profits from his family garment business. The next, Coyote is triumphing at the galleries—fetishing nudes a speciality—and Mancuso is mourning a dead father and a business in crisis.

The film stalks through its darker moments with credibility and tough wit, and elsewhere bubbles with insight and easy bonhomie. At times the prevailing buddy-buddy flavour threatens to turn all the women characters into conveniences or obstacles along the path of male pleasure. But as it progresses, far from becoming a male chauvinist movie, it becomes the dolefully funny picture of two men trying to find a direction in their lives in a world of ever-changing signposts sexual, social and cultural. Crisp script, excellent performances. And Roth is clearly a talent to watch.

★

Last Night At The Alamo, written by Kim Henkel and directed by Eagle Pennell, is a filmic one-acter shot on a tiny budget and set in one of those apocalyptically talky drinking bars dear to US drama ever since O'Neill.

Shot — nay saturation-bombed — in black and white, the film's visuals resemble a battle zone in which patches of near-impenetrable darkness fight it out with holocaust shafts of light from windows. The acting is alike raw and inexpensive; as the sundry Texas rednecks and blonde bombshells, played by an unheard-of cast, swill their way through the last night of their favourite downtown Houston bar (it is due for demolition). They cuss, quarrel, soliloquise, sing and travel the long night's journey into day. All human life, or at least all Houston life is here. The film is vibrant, funny and unstoppable, and some brave producer should give Pennell a pile of money for his next movie and see what happens.

★

At least he would not make *Fright Night* (we hope), a deeply trying vampire movie. Written and directed by Tom Holland of *Psycho 2*, the film tries to be tongue-in-cheek as well as tooth-in-neck but ends up foot-in-mouth. Jokes and frissons alike are bungled, ill-timed or overstretched, and only some whizz-ho Special FX half-save the day. Chris Sarandon plays the caped menace, and Roddy McDowell camps it up something rotten as the TV horror-show host who becomes vampire killer.

Semiramide/Covent Garden

Rodney Miles

As Andrew Porter wrote from New York earlier this week, concert performances can enrich our knowledge of the repertory and introduce us to singers we might otherwise not hear. The costs of adequately staging *Semiramide* at the Royal Opera would probably be prohibitive: changes in singing style—and appreciation of it—anyway make serious Rossini festival rather than repertory fare nowadays (as the ENO's ill-fated *Mosé* clearly demonstrated), but this is a grand and important opera that needs to be heard. It is illuminating simply to learn how much succeeding 19th-century Italian composers profited from its example.

Only a handful of singers can cope with this sort of vocal writing today, and happily the management had assembled most of them for their first venture into concert presentation. But if they are to repeat it, they should decide in advance on a firm policy of singing from scores or not, and of "acting" (it certainly couldn't be called acting) or no "acting." The mish-mash on Wednesday evening, with half doing one thing and half another, was extremely alienating when it wasn't just risible.

Marilyn Horne has been singing Arsace for 20 years now, but time has dimmed neither her technical bravura, her burnished tone solid throughout a wide range nor, alas, a tendency to over-flamboyance in decoration; embellishing lines before they have been sung straight is not a practice to be countenanced, though it was admittedly occasioned here by the cutting of repeats.

She was joined by a new generation of virtuosos who give hope for the continuing prosperity of the Rossini revival: Samuel Ramey, matchless as a bel-canto bass today (his account of Assur's Mad Scene was the high point of the evening); Chris Merritt, whose singing as Idreno reminded us that Rossini required his tenors to plumb depths as well as scale dizzy heights (he did both most persuasively); and in the title-role, June Anderson.

It is hard not to sound ungrateful when confronted by a technique more startling than anything we have heard since the days of the young Joan Sutherland. Miss Anderson's tone is wonderfully even, brightly projected from a perfect tope E down over two octaves, her *fioriture* are securely voiced, and her diction is admirably clear. Why then, as in the case of her Violetta for the Welsh National (a UK debut left unmentioned in her programme biography), does one not surrender totally? Perhaps because the tone is too consistently bright, brittle almost, and seemingly incapable of taking on colour—one longed guiltily for the yielding softness of, say, a Caballé. And there seems to be a plate of glass between artist and audience: nothing comes across.

And what, having saluted valuable contributions from Gwynne Howell (Oroe) and Judith Howarth (Azema), of the piece itself? Despite conducting by Henry Lewis that was merely capable, and only just, that on occasion (you have to love Rossini, but Mr Lewis only shook hands with him), *Semiramide* emerged triumphant. Yes, there are routine passages of chocolate roulade in the first act, but the challenge of a serious dramatic triangle of guilty mother, upright son and mother's ex-lover — a sort of Babylonian *Hamlet* — is met full on in music that for all its neo-classical constraint of form strikes deep into the heart of 19th-century romanticism: the second-act mother/son duet and the Mad Scene have a wholly Verdian thrust and sensitivity. A staging? If money were no object, yes, but meanwhile the repeat performances on Saturday and Tuesday next should not lightly be missed by those interested in good singing or, more important, one who remains the most enigmatic and misunderstood composer of the 19th century.

Gedda/Wigmore Hall

Richard Fairman

Not so long ago Nicolai Gedda was a tenor for all seasons. No matter what was put in front of him, from Bellini to Fauré, Musorgsky to Elgar, one could be sure that he would turn in a thoroughly stylish performance.

The seasons, however, have now changed for him many times. Gedda makes few appearances in London these days and his Wigmore Hall recital on Wednesday night was a chance to catch another glimpse of his artistry, as it now stands after his 60th birthday. Where problems occur, it is not that his voice has gone — Giordano's *Fedora* still ends with a ringing climax—but that his control of it, interpretation and all, has become decidedly unpredictable.

A bewildering array of good and bad moments flashed past. Of two items from *Mignon* by Thomas, *Adieu, Mignon* was beautifully poetic; but the other, *Elle ne croyait pas*, had so much poor attack on notes and uncertain tuning as to be quite uncomfortable. Lensky's aria from Chaikovsky's *Evgeny Onegin*, a Gedda favourite, started well only to lose its grip in the last couple of lines. The middle of the voice seems to be a special danger area for intonation.

One thing, though, has never deserted him. Gedda made his name as an artist who knew how and when to sing quietly, a facility which he now cherishes fondly. All of one song — Chaikovsky's *At the ball*—was delivered in a whispering head voice. In the *Aubade* from Lalo's *Le roi d'Ys* he soared up to a high A that was a mere thread of tone and in his lullaby encore, more amazingly still, to a long B flat. At moments like those the magic lives on.

The whole recital lasted just one hour (encores and a chat to the audience spun proceedings out a bit). In songs and operatic arias alike Geoffrey Parsons provided accompaniments of his usual musicality and firm textural support.

The evening was dedicated to Charles Osborne, the writer and critic, whose musical loves had determined the choice of programme, including the (optimistic) suggestion of King Philip's bass aria from *Don Carlos*. Even Gedda's versatility has never yet stretched to that.

Bucket Dance/Shaw

Clement Crisp

The Bucket Dance Theatre, ppearing this week for a couple of performances at the Shaw Theatre, is a black American company now in its fifteenth year. Created initially from a group of untrained dancers by Garth Fagan, it proposes choreography—by Mr Fagan—whose naiveté of means brings certain innocent rewards but is, in the main, repetitious and altogether too predictable in its effects.

The Fagan manner contrasts slow poses, sliding progress across the stage, with sudden bursts of skittering, frantic footwork, or brusque muscular contortions grafted upon leaps whose distortions seem gratuitously imposed upon dance and music. At its worst, in a male trio which is accompanied by the slow movement of the Dvorak 'cello concarto, the effect is risible: soulful attitudinising and tripping little steps impinge not at all on the score.

At its best, in the *Rainbow Ballroom Romp* to some jazz from the Art Ensemble of Chicago, it touches on that area of social dance and social comment which is supremely Twyla Tharp's. Here the dance and four attractive performers fuse into a wholly engaging genre scene as a couple smooch and suddenly fracture the gentle mood with bright little squiggles of gesture, while another couple seem to circle into the action briefly from the wings and then are gone. What happened elsewhere to such diverse scores as *Nessun dorma*, Viadana's *Exaudi me domine*, and some Afro-Carribean songs, did not persuade me that Mr Fagan's responses to music are of the most subtle.

The company works with extreme willingness and energy, and appear in every way likeable performers: their dance language, though, confines them to a movement vocabulary too basic to sustain anything more than the briefest theatrical conversation.

The Lower Depths/Tricycle

Charlotte Keatley

Tunde Ikoli has re-written Gorky's classic for Foco Novo and the Birmingham Studio Theatre, whose production is at the Tricycle in Kilburn as part of a national tour, directed by Roland Rees. It is invigorating to see a black playwright seize a classic and plunge it into London's East End, giving Gorky's play a multi-cultural, contemporary setting.

Ikoli's adaptation is fired with social zeal: Gorky's dosshouse becomes a sleazy basement converted into bed-sits for the unemployed, wittily represented by Tanya McCallin's design of a row of narrow and ill-fitting doors on to a shared kitchen with a wobbly stove.

Ikoli's inventive parallels for Gorky's characters include a Piccadilly prostitute feeding herself dreams from romantic fiction in place of Nastya; a disillusioned Cornish carpenter who has found nothing but unemployment in London in place of Kleshch the locksmith; and a teacher turned alcoholic in despair of the education system (played with laconic humour by Robin Summers.

Kostyliov the landlord becomes Nigerian Mr Koli; his wife Doreen and her sister Nicola the polar opposites of ruthless materialism and naive idealism respectively. Gorky's baron is translated, hilariously, into a bombastic Nigerian chief who claims an unfulfilled destiny — played by Rudolph Walker who also plays the obsequious Mr Koli.

Into this melting-pot of self pity walks Talker, self-made Jamaican mystic and Ikoli's inspired parallel for Gorky's Luka. Talker is the catalyst for the argument central to both plays, of truth versus compromise: Talker tells people what they want to hear while the chief advocates telling the uncomfortable truth as the only way to make someone's life better.

While Gorky couches this in the terms of bourgeois primness versus plebian pragmatism, writing in the Russia of the turn of the century, Ikoli writes out into contemporary terrirtory, asking whether or not the state of Britain is a lie, the result of centuries of false promises made to its ethnic colonies.

Ironically, Ikoli's desire to give theplay immediacy hampers it from taking off into the poetic arena which his rich language promises. Ikoli has kaleidoscoped both scenes and characters to achieve driving energy where Gorky gives us elusiveness, but he sacrifices the vast spiritual subconscious which each of Gorky's characters seem to possess. A problem is that streetwise dialogue makes poetic contemplation sound sentimental: it is the latter which is lost, and characters even apologise for each other's moments of contemplation with joke lines.

The result is a play which comes down firmly on the side of pragmatism rather than idealism, where Gorky leaves the question hanging over the audience's consciences.

Time/Dominion

Martin Hoyle

The first night of the much-heralded partnership of Cliff Richard and Laurence Olivier had all the trappings of a great occasion: a late start (15 minutes), a half-hour interval, Radio 1 disc-jockeys parading in the aisles, Ken Russell in the stalls. The mechanics of the show are even more impressive than in *Mutiny*. The lyrics, music and philosophical insights reach much the same level.

First we see a rock group performing, viewed from the back. The stage swivels round to reveal Cliff Richard, 45-plus but still grooving (anxiously or jealously scrutinised by similarly youthful-looking contemporaries in the audience) to the deafening sound-effects of an invisible audience. Suddenly the group freezes in silhouette, green laser shafts rain down, a battery of lights blinds the spectators, the walls of the auditorium are made of spinning bars of light and the building throbs to a deafening pounding. The rock group is transported through space to defend Earth's record to the High Court of the Universe—chosen, apparently, as the most promising sample of human moral and intellectual virtue. The rest of the evening is spent in the attempt to prove this somewhat unlikely premise.

Nothing else quite lives up to this impressive space journey, except the dark globe, suspended in mid-air like a giant Easter egg, that opens to reveal the huge head of Lord Olivier, disembodied and three dimensional. The voice, touchingly breathy, is immediately recognisable; the sunken cheeks and shaven head less so. Much given to such cryptic utterances as "Whatever you think I am, I am," or "To know me you must truly know yourself," the character embodies some form of perfect wisdom. In all honesty, one can only regret the lapse in judgment that prompted Lord Olivier to this often embarrassing and occasionally grotesque spectacle; a sad coda to a matchless career.

Admittedly, towards the end, the head has a monologue to musical accompaniment that may well have a future printed on posters or tea-towels. Much concerned with caring, changing your attitude and "creating ripples of love," it could equal the cloying "Desiderata," that spurious prayer that is to religion what the green-faced lady from Boots is to art. "Choose your words with care," whispers Lord Olivier. "Go forth with love," I am doing the first; and I went forth. But not with love.

Devised by Dave Clark, the sixties singer of such hits as "Bits and pieces" and "Glad all over," the show also boasts words by David Soames and music by Jeff Daniels. The designs, at their most magical when the theatre ceiling is speckled with stars, is by John Napier, but could be left over from Covent Garden's *Donnerstag aus Licht*. The songs tend to the generalised, whether Mr Richard is claiming he was born to rock and roll; or his three-girl backing group lament, "What on earth are we supposed to do" (which could be any troubled love-song); or the hero's elegy to the Earth, "She's so beautiful," which might do duty as a commercial ballad.

The trial, before three judges enthroned on high (by means of cranes) and whose luminous collars light up rather unpredictably, is reminiscent of the old film, *A Matter of Life and Death*. The case for the Earth's destruction is put by a Time Lord with the coiffure of a Heseltine and the voice of a young Donald Sinden, described as "so cool, so cruel, so clever; so cold, so bold, so together." He melts on hearing the rock star claim that the most important thing is to make his voice heard, though the well-miked Mr Richard has had little trouble in that field for the past two hours.

The flowing-locked nasty (Jeff Shankley) has silver robotic henchmen with shoulders, calves and thighs padded like American footballers, who show Arlene Phillips's athletic choreography to advantage. The spectacle may have as much to do with philosophical truths as Max Reinhardt's *The Miracle* did with religion. Both have novelty value, visual excitement and a certain social appeal. Children will love the effects, the mechanics, possibly even the music; and may remain mercifully unaware of the banality.

Definitive Munch on show in Rome

The most definitive collection of Edvard Munch's works to be assembled outside Norway since the artist's death is now on show in Italy. Until the end of May, among the splendours of Rome's Palazzo Braschi over 250 examples of his work can be seen.

In 1893 Munch painted *The Cry*, one of the most poignant and forecful images of human anguish of the modern period. The horror and gloom evoked by this work seems to belong to a nightmare, as one refuses to accept the possibility that such pain is possible. The impact of *The Cry* was such that it contributed to the movement which led to the Berlin Sezession of 1899, and the development of German Expressionism.

Overwhelming honesty is characteristic of Munch's best work. However, the intensity of emotion is not by any means always negative, as the collection of works at the Palazzo Braschi demonstrates.

A prolific artist all his life, Munch's later works, after he settled permanently in his native Norway, are generally less well known than those from his early period. The exhibition in Rome represents fairly well this later period as well as the former, and includes a number of outstanding self-portraits.

Saleroom/Annalena McAfee

Yesterday's sale of English furniture at Christies, London, made a total of £1,870,311 with 5 per cent unsold. A pair of George III mirrors by Thomas Chippendale fetched £280,000, a record price for English mirrors; they had been bought in 1775 for £40. The buyer was the London dealer Roy Miles.

Partridge Fine Art of London paid £66,960 for a Regency bronzed and parcel-gilt table—more than six times its original estimate. Two inverted heart-shaped giltwood mirrors, also by Thomas Chippendale, were sold for £64,800 to an anonymous buyer.

At Bonham's Old Master sale a set of four pictures after Francois Antoine de Savray of scenes from the lives of the Knights of Malta sold well for £8,580. Top price was made by an Oudenrogge picture of a weaver's workshop, which made £9,900.

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Ulster needs a leader

IT IS NOW nearly five months since the signing of the Anglo-Irish agreement designed to improve relations between the two communities in the north and to give the Republic of Ireland some consultative role in the province's affairs. No-one could say that its reception has been exactly smooth. The Ulster Unionist MPs resigned their seats in protest to fight by-elections and are now practically boycotting their places in the House of Commons. There has been a one-day strike which led to violence, and Mr Tom King, Northern Ireland Secretary, told the House on Tuesday that in the last month alone there have been 138 attacks on off-duty members of the Royal Ulster Constabulary and the RUC Reserve and their homes and families. The violence continues, even extending this week to attacks on bus crews.

It is therefore worth looking again at the principles of the agreement and examining whether there is another way to the end of achieving more harmony between all the people of Ireland. The principles can be briefly summarised. The minority catholic or nationalist community had a sense of grievance because it felt itself oppressed by the protestant or unionist majority. All previous British attempts to correct this—by such devices as power-sharing—had come to nothing. Meanwhile, the violence perpetrated by the IRA and its offshoots went on. This violence affects the Republic and mainland Britain as well as Ulster.

Main purpose

The constitutional parties in the Republic had publicly abandoned any immediate hope of unification. Indeed the report of the New Ireland Forum in 1984 specifically acknowledged the separate identity and aspirations of the Ulster Unionists. It recognised that if there is ever to be progress towards Irish unity, there must be first some reconciliation between the communities in the north.

The British Government thus gave Dublin some say in the discussions on Northern Ireland policy and the agreement was overwhelmingly approved by the House of Commons. There is nothing in the agreement promising unification or about surrendering sovereignty. Its main purpose is to get the two communities to live peacefully together. If that happens, there are pledges that responsibility for certain matters can be devolved to the province and so pass beyond the scope of the Anglo-Irish Intergovernmental Conference.

That is what he bulk of the Ulster Unionists have so far rejected. Yet it is very difficult to imagine any other approach to the problem, except one. That is, that the Unionists should come up with proposals of their own.

In February, with no resistance from Dublin, Mrs Thatcher encouraged them to do so. Mr Paisley and Mr Molyneaux, the Unionist leaders, seemed to be accepting the offer of a dialogue, yet were rejected by their own supporters. The Prime Minister has been trying again this week by talking to some of the elder statesmen of the unionist movement such as Lord Brookeborough and Lord Moyola, the former James Chichester-Clark in the days when the Unionist culture seemed closer to the British.

Insoluble question

Nowadays it seems rather alien. Mainland sympathy has undergone a remarkable switch as Ulstermen attack members of the RUC in the name of the union. What such people have to ask themselves is what they really want: independence, a continuation of the violence or a reasonable accommodation? What they are least likely to achieve is the scrapping of the Anglo-Irish agreement for that would mean an admission that the Irish question is as insoluble as ever and could lead to a diminution of British support for the province.

There are one or two things that the British and the constitutional nationalist could do to improve matters. Mr John Hume, the catholic leader, could make the brave gesture of attending a few funerals of the RUC men killed trying to maintain order. More British MPs and ministers could go to Northern Ireland to show that the alienation is not yet complete. For the rest, however, it is up to the Unionists to make proposals. It would help if they could produce a leader.

New wind in France

NO-ONE was in any doubt after the narrowness of the victory of the centre-right parties in the French general election last month that the relationship between the new Government and a Socialist President would be difficult to manage. An indication of the kind of conflicts which can occur, and doubtless will again, was President Mitterrand's announcement that he would not sign any decrees privatising companies nationalised before the Socialists came to power in 1981. The President's decision will slow the implementation of the new administration's economic programme, but it is not as big a setback for Mr Jacques Chirac, the Prime Minister, as has been suggested in some quarters.

The enabling legislation permitting the Government to push through by decree key aspects of its economic programme, including the denationalisation of more than 40 banks, the country's largest financial holding companies and nine big industrial groups, was adopted at a Cabinet meeting chaired by Mr Mitterrand. The President's edict excludes from this procedure the "big three" banks, insurance companies and the Renault vehicle company, nationalised by General de Gaulle after the Second World War, but Mr Mitterrand cannot veto their privatisation in the long run.

Basic conditions

Though it will take much longer, the Government can push denationalisation measures through the National Assembly by normal parliamentary procedure. The fact that the new Government won its first vote of confidence in parliament by a narrow majority without the backing of the extreme-right National Front is certainly an encouragement to Mr Chirac to carry out his programme as planned.

What is important is that the basic considerations for the implementation of the Government's economic liberalisation measures have now been fulfilled. The devaluation of the franc within the European Monetary System last weekend was a necessary first step, given the loss of competitiveness which the French economy has suffered since the last broad realignment of member states' currencies in 1983.

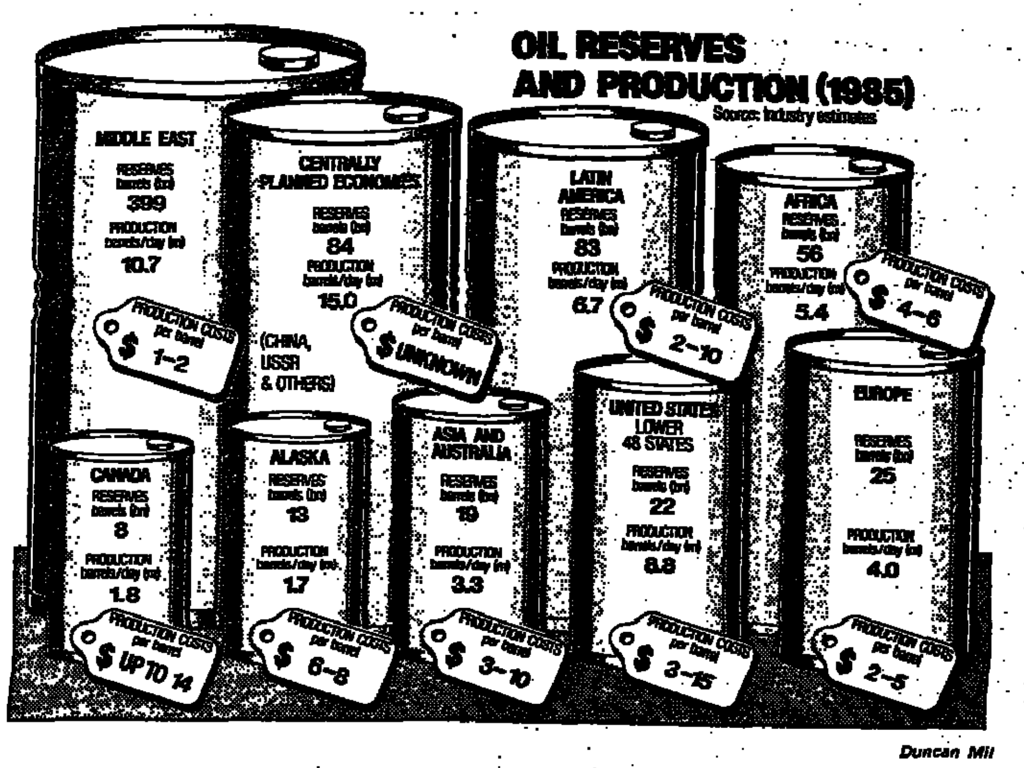
That loss of competitiveness was particularly striking in relation to West Germany, France's main trading partner. The cumulative inflation gap between the two countries had risen to 12 per cent to France's detriment since the 1983 realignment. In such conditions, it was clear that the franc would have come under severe pressure sooner or later. It was to the credit of the EMS member governments that the currency realignment took place while the markets were still calm.

Whether the devaluation will give a significant boost to French exports, which rose by only 1.8 per cent in real terms last year, is a moot point. The most recent French devaluations under the last Socialist Government had somewhat disappointing results in this respect. However, the realignment should allow interest rates to fall without the risk of a flight of capital from the country and thus help to boost flagging industrial investment.

Indeed, the whole emphasis of the Government's programme has rightly been put on the need to give the economy a fresh stimulus by giving more freedom to private companies. The progressive lifting of price controls, which have seldom had the anti-inflationary results desired by French planners, will help to boost production and not least employment, which is one of the Government's main priorities.

Even if the depreciation of the franc does not have as much influence on the volume of exports as the Government hopes, the long-overdue abolition of foreign exchange controls can hardly fail to have a salutary effect on export business, the international activities of banks and the Bourse.

That said, Mr Chirac may not be able to move as far and fast as he would like, even if the political constraints on his policies, forced on him by "cohabitation" with a Socialist President, are discounted. The control of inflation—a field in which the previous Socialist Government proved surprisingly effective—will probably be more difficult after the devaluation of the franc and the abolition of price controls. But it remains an essential conditon of economic stability. Mr Chirac, whose ambitions to become President of France in 1988 are no secret, will be judged by the electorate on his overall economic performance.



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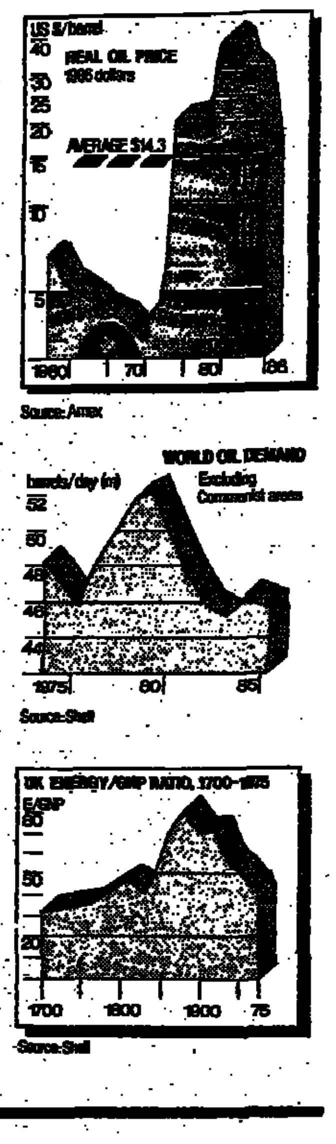


WORLD OIL

The price cut that went too far

Max Wilkinson gauges the possible long-term effects of low oil prices on the world outside Opec

THE FALL of crude oil prices to below $10 a barrel has revived the nightmare of the 1960s with a different twist. That old question: "What happens when the oil runs out?" has become: "What happens when non-Opec oil runs out?"

No doubt the US vice-President George Bush had this in mind last week when he pressed the political panic button and made a bizarre statement almost begging Saudi Arabia to revitalise the oil cartel and push prices back up again.

The special difficulties of oil companies and banks which lent to them in his home state of Texas must have been at the front of his mind. However, Mr John Herrington, the US energy secretary, made it clear that the administration has also become worried about the broader strategic question of future oil supplies for the US.

The same anxiety confronts all the major industrial powers in some degree, even though the immediate effect of lower oil prices will be to subdue inflation and to boost world growth. For this reason the implication for future oil supplies will be an important topic at the series of economic meetings in Washington, Paris and later, the Tokyo Summit this spring.

Much depends, of course, on whether the price stays low. A strike by Norwegian North Sea catering workers revived spot prices a little in the past few days, as the markets waited nervously for next week's meeting of the Organisation of Petroleum Exporting Countries in Geneva.

However, there is little sign that this meeting can weld the fragments of the oil cartel. Without a credible agreement for production cuts, prices will remain weak and must be in danger of falling back below $10.

In that case politicians will need to look again at one of the more difficult lessons of the past two decades: that excessively low oil prices, leading to increased demand and decreased exploration, may bring disruptions in supply which can prove more damaging to the West than artificially high prices.

It is now generally accepted economic theory that the price of oil needs to rise each year by an amount broadly in line wih prevailing interest rates. This is to reflect the fact that conventional crude is becoming scarcer and will be ever more costly to produce.

Although this doctrine is now enshrined in the policies of the Paris-based International Energy Agency, the industrial nations' counterweight to Opec, it was largely ignored in the energy-complacent 1960s.

In the 1980s a new illusion has gained ground; the assumption that the price mechanism would ensure a smooth transition to an era of scarcer oil.

But after allowing for inflation, spot oil prices have recently fallen back to the levels they stood at in 1973 before the first oil crisis.

Although many experts still believe prices will stabilise at between $15 and $20 later this year, as demand picks up, much lower figures can no longer be ruled out. The consequence for the US could be dramatic, with longer term spill-over effects for all other major consumers.

Dr Herbert Krupp, energy economist for the Bankers Trust, estimates that at a price of $10, US exploration as a whole would be cut by about 60 per cent. At the same time most of the small scale "stripper wells," which pump the residue from otherwise exhausted reservoirs, would become uneconomical. Up to 1m barrels a day of this production is at risk, and some of the oil would be lost for ever.

Below $10, some of the giant fields in Alaska begin to look unprofitable although it is unlikely that production would be stopped unless prices remained below $6 to $8 for some while. However, the oil taps in Alaska and in other expensive producer fields in the US and Canada (like the Tar Sands project in Alberta) could be turned on and off relatively quickly, depending on how flexible government taxation policy proves.

It is the longer term implications of low prices which are starting to look most serious. Dr Krupp believes the effect of a $10 barrel could be the loss of about 2bn barrels a day of production by 1990, which would push the US's dependence on imports to perhaps 60 per cent compared with 30 per cent now. A high proportion of these imports would have to come from the Gulf.

It is no wonder, then, that politicians are beginning to have lurid visions of a re-run of the Opec-dominated events of 1973 and 1979. Even Japan and West Germany, the largest beneficiaries of lower oil prices, have been notably unenthusiastic about the recent steep falls. A remarkable consensus has now built up that whatever the correct oil price may be, it should be safely above $10.

The most immediate reason is the fear of a debt crisis and of renewed turbulence among Opec countries, which have suffered a $4.8bn a year cut in revenues for every $1 fall in the oil price. But there is also the understanding that the security of Western energy supplies has been well served by a high oil price.

In the 10 years after the first oil price shock, the amount of energy needed to produce a given quantity of output in the industrial world fell by 20 per cent. Oil requirements for each unit of output fell by a third and is now lower than it has been for a quarter of a century. This has been superimposed on a historic trend for more efficient use of energy.

As Mrs Helga Steeg, director general of the Paris-based International Agency, says, it is clear that the impressive gains of the last decade will not be lost in the short-term at least. Motor cars in the industrialised world now consume 20 per cent less petrol than they did in the early 1970s (although there are 40 per cent more of them). Aircraft efficiencies have improved by about 30 per cent, almost cancelling the effect of growth in traffic.

These programmes have enormous momentum behind them. In the US, for example, Pacific Gas and Electric, the largest utility, estimates that by the end of the century conservation measures already in the pipeline will save power equivalent to the output of a large nuclear station. In Denmark, one of Europe's most spectacular domestic energy saving programmes has cut heating bills by a third.

As new houses and cars replace older ones, energy efficiency will continue to improve throughout the industrial world. Moreover, there is still plenty of scope for industrial companies to make further savings. In the UK, where 1986 was rather unfortunately chosen for an energy efficiency compaign, more than half the predicted savings are expected to come from improved management without significant investment. Even where capital expenditure is needed, payback periods with oil at $25 are typically only one to three years.

In the Third World large numbers of western experts continue to advise on how to save energy bills. The European Community, for example, has trained some 1,800 energy planners over the last six years and their programmes are certain to have an effect for some years. In China, the rural province of Xinjiang, equal in area to the whole of Europe, has cut energy consumption by 20 per cent with the help of this EEC programme.

For these reasons a meeting of IEA officials in Paris earlier this spring concluded that cheaper oil would not lead to a more profligate use of energy, at least in the short term.

But that is not entirely good news. It means that increased demand for oil is unlikely to help stabilise prices on the slopes above $10. But if prices slither below that figure for any length of time a fairly sharp jolt could be given to the psychology behind energy investments. This would not only throw a shadow over conservation and exploration projects but put in question big programmes like nuclear power and research into alternatives to conventional oil.

A glance at the chart of world oil reserves shows why this matters. Opec reserves account for three quarters of the free world's total. Almost 60 per cent of the free world's reserves are in four countries: Saudi Arabia, Kuwait, Iraq and Iran.

This partly reflects the very disappointing results from the exploration expenditures by oil companies in recent years after the spectacular discoveries in the 1960s. Worldwide investment has been running at $100bn a year, but the most successful part has been in the development and extension of oil deposits already discovered, like those in the North Sea. In the four years up to 1970, large oil finds were made in Australia, the Alaskan North slope field and the North Sea, and Soviet and Chinese reserves were subject to a big revaluation. Since 1972—with the price incentive to explore at its maximum—no important new areas have been opened up for development.

By last year the Prudhoe Bay oilfield in Alaska was one-third depleted and its present output of 1.5m barrels a day will be down to about 0.5bn barrels in 10 years. Similarly, Britain's North Sea output is likely to have fallen from its peak of about 2.6m b/d to around 1m b/d.

The rate of decline in these relatively high cost areas depends critically on investment decisions made now. Shell UK has estimated UK oil output could range between about ½m b/d and 1½m b/d in 1995 depending on the extent of future developments, compared with current output of about 2.6m b/d.

For the world as a whole, the IEA estimated last year that non-Opec supplies of oil would decline marginally until the end of the century, while oil requirements are set to increase again with economic growth.

The bottom line of this for western politicians is that demand for Opec oil will rise rapidly from the present 16m barrels a day to 23m b/d by 1990 and 28m b/d by the end of the century.

But this estimate was made a year ago when oil prices were twice their present level. It is clear that sustained lower oil prices could accelerate this recovery of Opec's market power.

DRI, the international forecaster, believes a $10 barrel could put Opec back in the driving seat in only two years. Others believe the delay would be longer.

In the longer term, recent studies suggest that the West need not be unduly alarmed about the decline of oil supplies, even well into the next century

A recent authoritative study sponsored by the US Department of Energy* suggests that new discoveries, more advanced methods of recovery and alternatives to conventional oil can supply the world's needs for a very long time ahead.

Oil in shale rocks for example, might theoretically be enough to keep the world going for 10,000 years. The amount of oil which could be recovered by present technology is very roughly equal to the entire reserves of conventional oil and could last for more than half a century. Oil from heavy tar sands might make a similar contribution, while coal can last for at least 100 years.

However, the timescale for large energy projects is measured in decades so this optimistic view depends upon the correct price signals being given to consumers and producers. The movement in the oil price in the last six months has therefore given a perverse signal, or perhaps none at all. So what should western governments do?

If the members of the IEA club really believe their last annual report, oil prices should now be equal to the long run marginal cost of finding and developing new supplies. This is probaly between $17 and $25 and perhaps considerably higher in hostile drilling territory outside the Gulf.

But even if western governments could agree on a price, there is probably little they can do to influence it.

The main contribution that governments can make is through the tax regime. They were quick enough to take their slice when prices rose and will need to respond equally flexibly now to encourage exploration, and perhaps even consider subsidies for some projects. The idea may seem extraordinary in Washington and London, but after extracting enormous economic rents for a decade, it might be in the long term interests of the West to plough back some subsidy when prices are unsustainably low.

**Global Energy: Assessing the Future* by Jae Edmonds and John Reilly (OUP £55).

Men and Matters

From the mines to the markets

Ian Reid has devised computer programs to help predict changes in demand for coloured paint and to forecast changing fashions in women's shoes.

Now he has used some of those forecasting techniques in a system of artificial intelligence to help City dealing rooms take an educated guess at what is going to happen in the markets.

Reid, 53, chief consultant to Data Logic, the UK computer systems company—which is supplying City houses such as Morgan Guaranty, Phillips and Drew, and Barings with "Big Bang" technology—has put his AI systems to the test against dealers in behind-the-scences "tournaments."

The Reid system outperformed one of London's top firm's dealers by two to one, it is claimed. That firm is now discussing a deal that would give ata Logic a percentage of trading profits gained in using the system.

Reid, a humourous, pipe-smoking Yorkshireman, tells me: "The system guesses—with great brilliance, of course, and years of experience, and computer power—what is going to happen to things like foreign exchange. It is not right every time, but pretty successful in comparison with the traders."

ne of the nine men who bailed out an ailing Data Logic with £50,000 of their own money in 1970, and sold it to Cossor Electronics in 1978 for £3m, Reid came into computing by an unusual route.

He trained as a mining engineer, doing some computing as part of his degree course, and later learning to use a digital computer in his spare time.

A few years afterwards, as an under-manager for the National Coal Board, he found he had not enough surveyors available to calculate where she should drive new roads and galleries in one of his pits.

He worked out the problem himself on a computer, saved the time of 20 surveyors, and was pulled into a new career by his area general manager who told him: "I don't know what you've done, but go and do it again."

Bank vault

After the departure of Kit McMahon from the Bank of England to Midland Bank, Threadneedle Street is to lose another official to the same clearer.

Alan Savery is to leave the Bank's supervision department, where he has been a rising star, to join the Midland.

A gamekeeper turned poacher? Not so, say banking officials, because Savery will be working as a senior manager in Midland's finance department, not in the group risk management area.

Nor is McMahon trawling the ranks of his former junior. Savery, in fact, answered an advertisement in the FT.

Greater heights

A speaker at a Labour party gathering could always count upon a round of applause by referring to "taking control of the commanding heights of the economy."

The cliché was taken to refer to the heavy industries such as steel, shipbuilding, and energy, which featured on activists' shopping lists for nationalisation—often with the banks and insurance thrown in.

Delegates to the policy conference of the enegineers, Britain's second-largest union, later this month will face a novel suggestion for adding another commanding height to the old list.

Resolutions will urge the nationalisation of undertaking—the reasoning being that the cost of a funeral in Britain is now much more than the value

"Not another lost deposit?"

of the state's death grant to the dependent relatives.

Labour's leaders are expected to kill off the idea even if the union votes for it. Which will rob us of observing how a future Labour government might set about adjusting demand to ensure that a nationalised funeral business was always in profit.

Tourist flights

Here's a strange busman's holiday. Ten pilots employed by Britannia Airways are taking an off-season break by working on secondment in El Salvador.

Five volunteer crews, all accustomed to ferrying package tour patrons to and from the beaches of southern Europe, have been laned to Transportes Aeros Centro Americano, the SEan Salvador-based airline, to y a Boeing 767 aircraft which is no charter from the makers.

Britannia has been quick to stress that the crews will be well away from trouble spots in the divided central American country. They will be engaged in flying the new jet to and from the US.

Meanwhile, the British Airline Pilots Association tells me that the secondment is proving very popular with the ainrcrew who are "achieving a lot of time as tourists in obscure parts of the world."

Well, it makes a change from Majorca.

Milky way

The European Commission, formally and officially announced yesterday its support for the maternal instinct. Breast feeding should be encouraged, it said.

The EC's normal policy inclinations might be expected to move it towards a condemnation of breast feeding in order to reduce the size of the Community's milk surplus.

But no, in a surprise move, the Commission has come to the conclusion that, in spite of the danger of a build-up of toxic substances in the breast tissue, breast feeding "can continue to be encouraged."

The Commission, however, is going to watch the toxic breast situation and wants a co-ordinated approach with national authorities and international institutions. But there is no danger of a woman being put in charge. A spokesman said there are no plans to shift responsibilities in the all-male college of commissioners.

Working model

A pension fund is . . . a vehicle driven by four people. The accountant who plots the route by checking the speedometer and the instruments. The actuary who drives while looking out of the rear window. The investment manager who tries to guess what the hell is around the next corner; and th escheme manager who mends the pnctures.

Observer

BASE LENDING RATES

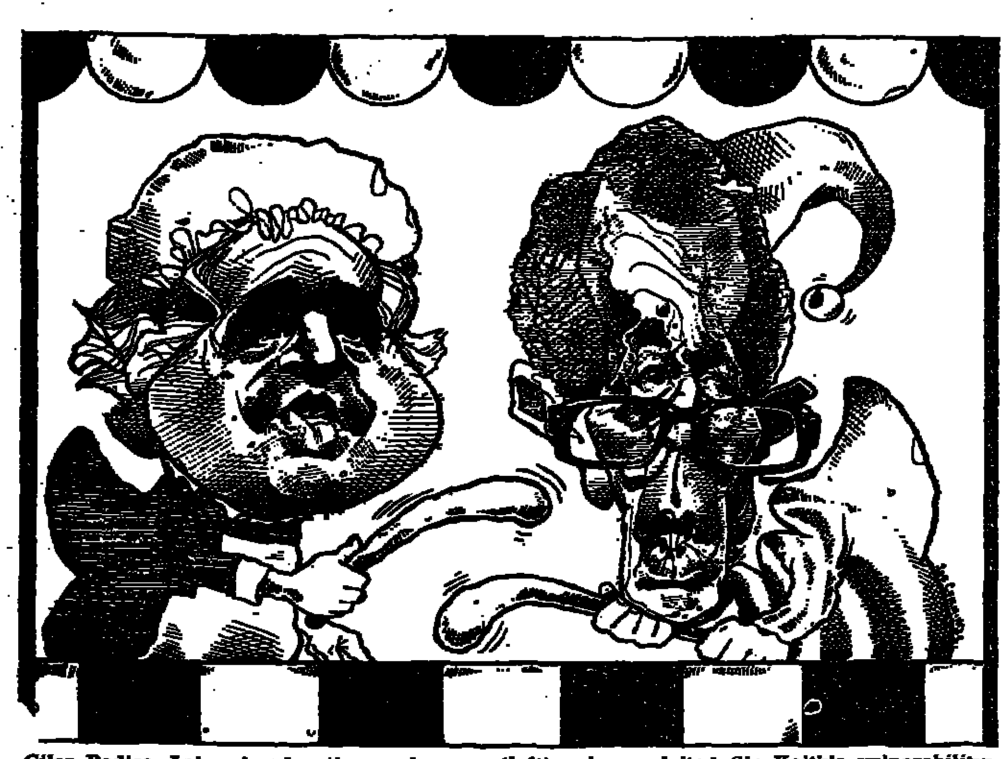
ABN Bank	11 %	Grindlays Bank	‡11 %
Allied Dunbar & Co.	11 %	■ Guinness Mahon	11 %
Allied Irish Bank	11½%	■ Hambros Bank	11 %
American Express Bk.	11 %	Heritable & Gen. Trust	11½%
Amro Bank	11 %	■ Hill Samuel	§11 %
Henry Ansbacher	11½%	C. Hoare & Co.	11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Johnson Matthey Bkrs.	11½%
Bank Hapoalim	11½%	Knowsley & Co. Ltd.	11½%
Bank Leumi (UK)	11 %	Lloyds Bank	11 %
Bank Credit & Comm.	11½%	Edward Manson & Co.	12 %
Bank of Ireland	11½%	Meghraj & Sons Ltd.	11 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank of India	11½%	■ Morgan Grenfell	11 %
Bank of Scotland	11 %	Mount Credit Corp Ltd	11 %
Banque Belge Ltd.	11 %	National Bk. of Kuwait	11 %
Barclays Bank	11 %	National Girobank	11 %
Beneficial Trust Ltd.	12½%	National Westminster	11 %
Brit. Bank of Mid. East	11 %	Northern Bank Ltd.	11 %
■ Brown Shipley	11 %	Norwich Gen. Trust	11 %
CL Bank Nederland	11 %	Peoples Trust	12 %
Canada Permanent	11 %	PK Finans. Intl. (UK)	12½%
Cayzer Ltd.	11 %	Provincial Trust Ltd.	12½%
Cedar Holdings	12 %	R. Raphael & Sons	11 %
■ Charterhouse Japhet	11 %	Roxburghe Guarantee	12 %
Citibank NA	11 %	Royal Bank of Scotland	11½%
Citibank Savings	¶11.95%	Royal Trust Co. Canada	11 %
City Merchants Bank	11 %	Standard Chartered	11 %
Clydesdale Bank	11 %	Trustee Savings Bank	11 %
C. E. Coates & Co. Ltd.	12½%	United Bank of Kuwait	11 %
Comm. Bk. N. East	11 %	United Mizrahi Bank	11 %
Consolidated Credits	11½%	Westpac Banking Corp.	11 %
Continental Trust Ltd.	11 %	Whiteaway Laidlaw	11½%
Co-operative Bank	*11 %	Yorkshire Bank	11 %
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	11½%		
Financial & Gen. Sec.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11 %		
Robert Fraser & Ptrs.	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.03%. 1-month 7.38%. Top Tier—£25,000+ at 3 months notice 10.38%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 7½% gross.
¶ Mortgage base rate.
§ Demand dep. 7.02%. Mortgage 12.25%.

Politics Today

Britain goes back to school

Malcolm Rutherford feels there is more consensus than meets the eye in the education debate



Giles Radice, Labour's education spokesman (left), who exploited Sir Keith's vulnerability: but deep down the two share some common ground

WHENEVER one sees Sir Keith Joseph in action, the thought comes back: what is a nice, civilised, rational and eminently intelligent man like him doing in a place like this

There he was at the annual conference of the National Association of Schoolmasters and Union of Women Teachers in Scarborough last week, making a speech that was heard in silence because the union leaders had decided that to barrack him might not give them a favourable image on television.

Or again at the House of Commons Select Committee on Education on Tuesday, patiently explaining what he was trying to do to raise educational standards in this country, and not being understood. And on Tuesday afternoon, when Parliament re-assembled after the Easter recess and the first item was education questions, he was exposed to a barrage of criticism, some of it from his own side of the House.

Almost the same thought occurs about Mr Giles Radice, the Labour Party's shadow education spokesman. It was he who tried to annihilate Sir Keith on Tuesday afternoon.

"As he is an honest man," he said, "will he accept that when the contenders for the succession (to the post of Secretary of State for Education) so publicly and obviously submit their competing job applications, and when he has so clearly lost the confidence of parents, teachers and local authorities, the time has come for him to stand aside and allow someone else to clear up the mess?"

In fact, Mr Radice's heart wasn't really in it. He was exploiting the political situation of Sir Keith's vulnerability, which the Labour Party has every right to do. But at bottom the two men have something in common: they have realised that the future of education is one of the most important problems facing Britain and that, for all the present appearance of chaos, it may be possible to find a solution.

The education debate has taken a long time to mature, partly because persistent chopping and changing of policy by successive governments has made it difficult to understand what the objective is and indeed whether there is any long-term policy at all. The debate has been brought to a head by the prolonged teachers' dispute, which has at least had the merit of demonstrating to all and sundry that there is dissatisfaction within the teaching profession, that the state of the schools and the quality of education are at best uneven, and that something must be done about it.

Some of the salient points are as follows:

- There must be some correlationship between educational standards and the country's relatively poor economic performance.
- English education can be socially divisive, and unnecessarily so: witness the social domination of some of the public schools and the universities of Oxford and Cambridge.
- Reform can only come through consensus. There is little purpose in introducing changes that the next government might go back on.
- The time-scale is very long. We need an agreed system designed to educate the young people of the early part of the next century.
- If resources are tight, it might be best to concentrate on the primary schools, including the under-fives, because if a child does not take to education at an early stage, he or she might never take to it later.
- Resources are not quite as tight as Sir Keith sometimes claims. Even he has promised to ask the Government for money for education if present disputes are settled, and there is no reason why a Tory Government seeking to invest in the future should skimp on it. It is a question of priorities.
- Education depends ultimately on the teachers. The morale of the professions needs to be restored.

Mr Chris Patten, the Minister of State, said in a speech to the conference of the Association of Assistant Masters and Mistresses in Cardiff last week that the past year has been a "wretched one for all of us in education." He went on to give a warning that if the country does not find a better way of organising its educational resources, we shall risk the "creation of a yob society and an impoverished culture."

He also noted that the way education is organised in Britain is not the only way that the job can be done. Other countries like France, he might have added, have a national educational service, centrally directed and controlled. Who is to say that the French are any less well educated or trained for life than the British?

That was not a threat to abolish the local education authorities, but only an illustration that there are other ways of doing things. As such, it should be borne in mind in the education debate.

At one stage in his speech, however, Mr Patten was more positive. "At least," he said, "we now have a moment of relative calm to take stock." The teachers' dispute has been referred to Acas, the independent advisory, conciliation and arbitration service which should report by the start of the summer holidays. And Sir Keith has reaffirmed his determination to go ahead with the new examination for 16-year-olds in 1988 as originally planned.

The General Certificate of Secondary Education or GCSE, as it is called, will combine the present Certificate of Secondary Education and O levels. It will be, in effect, a 16-plus helping to determine how, where or whether pupils should be educated next. The first demand for it came from the teachers, though some now want a postponement. Preparation for it needs to start in autumn this year.

That is where the timing matters. If the teachers' dispute is settled in the summer, everything can go ahead more or less smoothly. If it is not, the situation could become even more wretched than it has been in the past 12 months.

Working on the assumption that a settlement is reached, even if it is frayed at the edges, it should then be possible to resume the education debate in earnest. To be fair to Sir Keith, it was always meant to be a long-term discussion. The Government's White Paper, "Better Schools," published last year, along with a host of other documents from the Department of Education, make clear that the central objective of raising standards will take years to accomplish.

It is a question of doing a bit at a time and not taking steps that another government will reverse.

Here there could be considerable agreement between the political parties, provided none seeks to be too doctrinaire. It was plain at Sir Keith's appearance at the Select Committee this week, for instance, that his primary interest is in improving state schools. The private sector of education tended to be dismissed as a sideshow, whereas the commitment to state education was absolute.

In one intervention Mr Martin Flannery, the Labour MP for Sheffield Hillsborough, accused him of having said that the schools in Sheffield looked "crummy." Sir Keith defended his statement: they did look crummy. That was why it was so important to improve them.

There may be a difference between the parties about how much money it is necessary to spend in order to do so, though even here one senses a certain give on the Tory side if the teachers' dispute can be settled and with the approach of a general election.

The main thrust of Sir Keith's approach is that money is not all and that high standards are sometimes achieved in relatively unpromising surroundings. It is an approach very similar to that when he was Secretary of State for Industry. Why, he would ask, do some companies do well and others in the same sector, and sometimes just down the road, do badly?

There is another similarity. Sir Keith believes that perhaps the most crucial reform is ensuring the appointment of a good headteacher. It is the nearest thing, he told the Select Committee, to a magic wand. At the Department of Industry, too, he thought that it was very much a question of securing the right management before reforms could be accomplished: at British Leyland or British Steel, for example.

Mr Radice would not on the whole disagree that Sir Keith is on the right track: he just wants to do as many of the same things better. If he has his way with his leader, Mr Neil Kinnock, the Labour Party will be launching shortly a series of initiatives, including dummy reports on the state of the schools by the Department's Inspectorate and perhaps seminars for Mr Kinnock with the country's main educationists. For Mr Radice is succeeding in persuading his party that education could be crucial in the next election and that you do not win simply by saying that everything the Tories have done was wrong.

Britain seems to have these debates every 20 years or so. There were the discussions during the last war leading to the Butler Act and the establishment of the secondary modern schools. There was the Robbins Report in 1963 which laid down the principle that courses of higher education should be available for all those who are qualified by ability and attainment to persue them and who wish to do so.

Somehow, however, the best-made principles and purposes seem to get lost along the way. What, for instance, has come of the Robbins principle today? By now the country should have learned its lesson: education is a long-term pursuit, can only be conducted on the basis of widespread consensus and must be looked at as a whole. We might just be getting somewhere.

Lombard

How to tackle urban decay

By IAN HAMILTON FAZEY

A GLOOMY picture of Britain's urban future has been painted by Dr Ken Young of the London-based Policy Studies Institute. People in the south are probably not going to like it.

Dr Young was addressing a seminar run by Liverpool University's centre for urban studies. He suggested that the once-great cities of the north are now in such decline that only large numbers of public sector jobs can save them. The question was whether the buoyant south would put up the money.

This in turn raised the question on the other side of the debate: Should we try to save declining cities at all? Should we encourage migration to hasten their demise, or at least their reduction to smaller, stable units capable of self-sufficiency?

Many academics think these questions must be faced now because debate has been delayed by recession and the squabble over abolition of the Metropolitan counties.

Economic upturn has not solved the problem because benefits are not universal. As Prof Nick Nelson of Ohio State University told the seminar: "They used to tell us blacks that a rising tide would lift all the boats in the US. It's not true. A rising tide will only lift those boats that are in the water."

For blacks read cities. But Dr Young thinks there is opportunity in every crisis. In this case it is that national policy might actually become predicated upon realism and have some chance of success. He thinks we should have a proper strategy for the goverance of cities in the 21st century.

Liverpool is the extreme example of British urban crisis. The issue has been obscured by Labour's revolutionary left, but to try to explain it away as a clash of ideologies is to miss the point. Other places are already on the same skids—collapse of the economic structure and worsening prospects of work for tens of thousands of unskilled and semi-skilled people.

Depopulation is proceeding inexorably under such market forces. Despite some high-profile projects, there appears to be a net disinvestment by the private sector. There is a fundamental restructuring of where and how most of the "haves" now live, with steady movement out of the cities to outer suburbs or the shire counties.

Moreover, changes from old to new tehnology are paralleled by national population drift from north to south. New patterns of opportunity are turning old northern cities into maladjusted dinosaurs.

The political dimension makes matters worse. It is not so much about right versus left as the centre versus the provinces. The Metropolitan counties were thorns in Whitehall's side. Their demise will make divide-and-rule easier for the Government but will it help urban problems? Present policy centres on a project-by-project approach. If there is a strategy, can it work if it is not wholly supported or led by local people?

Yet there is a model for doing things better. It is in Scotland which has a minister in the Cabinet and a development agency with real clout. Inward investment and regeneration are proving attainable goals.

Yet there are only as many people in Scotland as in North-West England, or Yorkshire and Humberside, or the West Midlands, all of them natural groupings of about 5m people each.

What about them having genuine regional self-government? Each would be a mixture of old cities, new suburbs, growing villages—big enough to form a stable, viable regional economy. As with concrete, strength comes from aggregation. The relative decline of Sheffield or Liverpool would be balanced by better opportunities in nearby Leeds or Manchester that could be built upon.

What is needed is a regional policy, not a merely urban one. We are thinking too small. There is also a practical problem: government and Whitehall would have to devolve a great deal of power, an unlikely prospect whichever party is in charge. But unless they do something, the south is in the long-run going to face an ever-mounting bill.

Letters to the Editor

The rich get rich ...

From the Chairman, James Beattie

Sir,—Recently I watched Lord Young in the House of Lords attempting, not very convincingly, to explain why the rich were being allowed to get richer while the standards of living of the poor had hardly improved at all. Lord Young said that it was Government policy to reward handsomely those individuals who created wealth and who, by their efforts, improved the lot of the masses.

On April 3, in contrast, I heard Sir John Harvey-Jones (ICI) giving the Dimbleby lecture, during which he argued that the "we" and "they" attitudes in this country must be eradicated and replaced by team spirit, if British industry was to have any chance at all of regaining lost ground.

By all means let those who create wealth be rewarded, but there is a level beyond which this policy, in practice, becomes indecent, selfish and very dangerous.

Most really worthwhile managers, out of pride and interest in their important jobs, will give of their very best, without any massive salary incentive (the Prime Minister herself is an example) or big reduction in the highest tax band. In doing so, they help to remove the industrial class distinction which has done so much harm to British industry.

Why does the Government allow share options for executives who, within a relatively short period of service, can amass huge capital gains not available to others in the company?

Why doesn't the Government exhort or legislate to limit long termination clauses (for executives only) and thus avoid golden handshakes to those who, more often than not, have failed?

The Government would be wise to revise its view that only those who operate at the top create wealth and that those lower down play no part (soldiers and middle-ranking officers win wars as well as generals) for, if it is not careful, it will gain for itself a reputation for being uncaring and unfair, a subject on which voters regard themselves as experts.

James Beattie.
71-78, Victoria Street, Wolverhampton.

Ad hoc advice

From Mr R. Baiden

Sir, — In your report (April 4) on the April issue of Labour Research, the latter is said to have stated that Peter Fry, MP, "continues not to declare that he is a parliamentary adviser to Baiden Barron Smith even though the company declares his interest in the Public Relations Year Book 1986."

Had the writer of the Labour Research article looked two lines further down our entry in the yearbook he or she would have seen that Political Research & Communication International is listed as an associate company of Baiden Barron Smith.

Peter Fry, as the article states, registers his interest in PR+CI and as the latter's associate we can call upon his services as necessary. He is not retained by Baiden Barron Smith, but we felt that it should be known that he is in a position to advise us on an ad hoc basis.

For these reasons it is not necessary for Mr Fry to declare an interest, but it is sensible to mention his availability to us in our industry's major reference book.

Robin Baiden.
Baiden Barron Smith.
34, John Adam St, WC2.

Profit sharing and management

From the Chairman, Strategic Planning Society

Sir,—Mr Brittan's interesting article (April 3) omits one vital factor necessary for the success of any profit sharing scheme: quality of management. Profit has been defined as "a sum as high or as low as the auditors will let you get away with." In companies where management wants a quiet life, profit can be increased, at least for a few years, by cutting back on R&D, on launches of new products, on training, in other words on activities essential for future growth and prosperity.

Under profit sharing, the need to balance short-term advantages against longer term survival will become a matter of debate between management and staff. In organisations where management have clear ideas of their aims and objectives, where there is trust between them and their staff, such a debate is likely to be part of the management style anyway, so there should be no problems. But in companies where there is no such trust, where management either has no strategic vision, or where it wishes to keep its visions secret, profit sharing is likely to exacerbate mistrust and conflict. It may also make bad management even more short-term oriented than it is to-day.

This is not an argument against profit sharing; it is a plea for recognition by economic commentators and political parties of the importance of strategic thinking and leadership throughout business and industry. Successful companies recognise this need and practice it. There are, unfortunately, many others who do not and who do not even realise what they are not doing and why they are in consequence tottering from crisis to crisis. Profit sharing could be the last straw for such companies, unless they change their style of management. Experience has shown that this can be achieved, but it does need pressure from many sides to make them do so.

Peter W. Beck.
15 Belgrave Square, SW1.

BT final call

From the Secretary, British Telecom

Sir,—Mr R. W. Jarvis wrote (April 9) about arrangements for paying the final instalment on British Telecom shares. These were, of course, made by the Department of Trade and Industry and included instructions to the receiving banks not to return receipted interim certificates until cheques for the instalment had been cleared. This is being done as quickly as possible but, because of the large number of cheques to be handled (British Telecom has more than 1.6m shareholders) this has been a major task for the receiving banks. Just after Easter, when Mr Jarvis paid, the number of payments received by the banks was much higher than normal and this prevented cheques being dealt with as quickly as everyone had hoped.

As long as valid payment of the final instalment was received by April 9 shares will not be forfeited.

Mr Jarvis also mentioned the difficulties he had experienced in getting through to our shareholder enquiry units. These were set up nearly a year ago to allow shareholders, using our 0345 LinkLine service, to contact us with their enquiries. In anticipation of a heavy demand in the run-up to the final instalment the number of staff was increased. They have been answering over 4,000 calls a week, which is significantly higher than the level for the second instalment last summer. I am sorry that the number of enquiries being made has meant that there have been times when shareholders have been unable to get through to the units.

Malcolm Argent.
81, Newgate St, EC1.

Building up funds

From Mr M. Miles.

Sir,—It is easy for Mr Keating (March 27) to select questions from Eric Short's earlier article and provide specious replies. He seems to assume throughout that all pension funding is aimed at tax avoidance. In practice the majority of employers act responsibly and many see the present as an opportunity to build up funds to protect pensioners from future inflation.

The problem of pension fund surpluses, if it is a problem, has arisen only in the last few years. The surpluses have accrued partly as a result of industrial conditions but largely from improved corporate profits and with them higher dividends and stock prices. It is only a few years since the main concerns of pension schemes were their inadequate funds and the need for topping-up payments. It is not impossible that this situation could return.

The Chancellor's proposals bear all the signs of having been produced quickly without any consideration of the long-term consequences.

It seems to have been forgotten that the Inland Revenue already has immensely wide discretionary powers. These, exercised with a little co-operation and coupled with an appropriate tax on any refunds paid to employers, could have been used without the need for a statutory basis and all the limitations imposed by it.

Martin W. Miles,
Martin Paterson Associates,
10 Buckingham Place, SW1.

Shopping around

From Mr P. Wolstenholme.

Sir,—Mr Armistead (April 1) may give a false impression of the goings-on in the Common Market. This corner of France, the "Pays de Gex," is not quite inside the EEC as it constitutes a free zone, set up in 1815 when the nearby city of Geneva joined the Swiss Confederation. Some 20,000 inhabitants, squeezed into a strip of land between Geneva and the Jura mountains, can in fact purchase a few items such as butter and sugar at world market prices. In a small way we attack the butter mountain by purchasing EEC butter back from Eastern Europe. Mr Armistead should not grumble at his good fortune.

P. Wolstenholme,
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01630 St Genis-Pouilly,
France.

FINANCIAL TIMES

Friday April 11 1986

Patrick Blum examines Sofia's plans to improve economic efficiency

Bulgaria puts reforms to test

BULGARIA'S Communist authorities have set their country on a course of wide-ranging reforms which they hope will radically improve the economy and industrial performance.

The reforms, to be finalised by the summer, are a carrot-and-stick combination of incentives – a degree of self-management, higher pay for better work, tough new labour regulations and punishments for those who fail to perform adequately. Centralised planning will remain but enterprises will be given greater independence in their day-to-day work.

They hope this will help to overcome serious shortcomings that became more apparent last year and help to set the country on the road to modernisation.

Officials admit that the task will not be easy. Speaking to last week's party congress, Mr Todor Zhivkov, 74, Bulgaria's President and Communist leader, put the problem firmly in its context: "All of us have to overcome a specific Bulgarian contradiction ... the discrepancy between words and deeds."

In the run-up to the party congress the Bulgarian authorities carried out the most extensive changes in party and government personnel seen in Eastern Europe outside the Soviet Union. All the key industrial ministries were disbanded and three new supervisory councils set up to streamline the bureaucracy. Changes will now follow within the management structures of economic organisations and enterprises.

Will the reforms work when other earlier efforts failed? Foreign diplomats are sceptical but circumstances may be more favourable.

There is a new, relatively young and reform-minded team firmly in control in the party. Mr Chudomir Alexandrov, a member of the Politburo and of the powerful central committee secretariat, who is in charge of a string of administrative functions including reponsibility for party organisation, is typical of the new modernisers in power in Bulgaria today. He believes that the reforms will work and he has placed high stakes on achieving success.

Last year's economic problems – there were serious energy shortages, a sharp fall in agricultural production and severe disruptions in industry – have convinced the authorities that changes must be made.

Then there is the pressure for change from Moscow. Soviet criticisms of the way the economy was run and about the quality of goods supplied to the Soviet Union have bitten deeply. Reforms now being undertaken in the Soviet Union are encouraging similar moves elsewhere. These were much talked about at the Bulgarian party congress which called for deepening the integration of the two countries' economies.

The three joint ventures established recently between Bulgaria and the Soviet Union to manufacture electronics and machinery were hailed as a new model of co-operation. The joint ventures are not new enterprises. New plants may be established in either country in the future. What is involved is co-operation between two existing companies, one Soviet and the other Bulgarian, on joint production with a joint management team effectively giving the Soviets a direct say in the Bulgarian company.

Bulgarians like to stress the uniqueness of their reforms. "Other Socialist countries are also looking for new ways. It isn't a matter of copying a pattern from any country. We have to find what is applicable to Bulgaria. I would not draw a parallel, saying who's the first, who's the second, or who's the most timid and who's the bravest," Mr Alexandrov says. Nevertheless, other officials suggest that what is being done in Sofia could be a test for moves elsewhere.

What the Bulgarian reforms will not do is to liberalise the economy. "Socialism has its own principles," Mr Alexandrov says. The stress is on improving efficiency. There is no desire to develop private enterprise and although some competition will be encouraged market forces will not be allowed a free play. Prices will remain strictly controlled with some exceptions.

Competition between enterprises will be encouraged, particularly in consumer goods where prices will be allowed more movement. "Producers will face the market directly and this will act as a stimulus," he says. But competition will not be allowed in key sectors such as the metallurgical industry.

Mr Alexandrov says that the party will strengthen its role in the strategic management of the economy, but that the state will not interfere in the day-to-day work of enterprises. "The state will provide the targets and not meddle any more."

The rest will be up to the company. Under the principles of self-management "the workers will have to find the best way to meet the targets," Mr Alexandrov says. They will elect their supervisors and through a more indirect process take part in the selection of managers. They will have a greater say in the organisation of work, pay will be more flexible, and they will decide how profit should be distributed or used to expand the company. To provide an extra incentive the production of consumers goods will be stepped up.

If the company does badly its workers and managers will be held responsible. The enterprise will then have to find ways to become more efficient – this could involve amalgamation with another enterprise. If the management is poor then it will have to be replaced, but if the performance of the enterprise does not improve then it will have to be closed down, Mr Alexandrov says.

The state will use several instruments – taxes, pricing, tariffs, its own orders – to reward or punish enterprises. The banks will also be restructured to play a more active part in this process.

A new "economic bank" that will take up some of the functions of the foreign trade bank will be set up to finance and provide services for large enterprises. Loans, credits and foreign currency to buy foreign machinery will be allocated according to an enterprise's performance. The more efficient ones, particularly those that export, will be rewarded with cheaper and more credits.

In addition there will be a new labour code aiming to encourage workers towards the more productive sectors and discourage them from constantly changing jobs – a serious problem especially among the lesser skilled. Workers will have to give at least 60 days' notice and if they leave before that they will lose their benefits.

Mr Zhivkov is said to have wanted tougher controls but any further tightening would have run the risk of infringing international labour conventions. In the event the Government reserves itself the right to introduce more legislations.

All of which suggests some tough times ahead for Bulgaria. Whether, as Mr Zhivkov puts it, the discrepancy between words and deeds can be overcome, is open to speculation. But there is no doubt about the authorities' resolve to push ahead.

Foreign journalists, among them US and Swedish reporters, have reported claims by ethnic Turks in the southern Bulgarian town of Kurdzhali that they have been harassed into changing their names and dropping their Moslem religion, writes Our Foreign Staff. The Bulgarian authorities, who have claimed that the name-changing is voluntary and denied obstructing religious practices, permitted the Western journalists' visit after the Communist Party congress in Sofia. Bulgaria this week also rejected Turkish Government charges that Turkish journalists had been kept out of large areas of Bulgaria. Ankara Radio, for its part, has accused the Bulgarians of dropping from a 1985 reprint of a Pergamon Press book about President Todor Zhivkov earlier references to facilities enjoyed by Moslems in Bulgaria. Pergamon, a UK publisher, said editorial control of the book was in Bulgarian hands.

THE LEX COLUMN

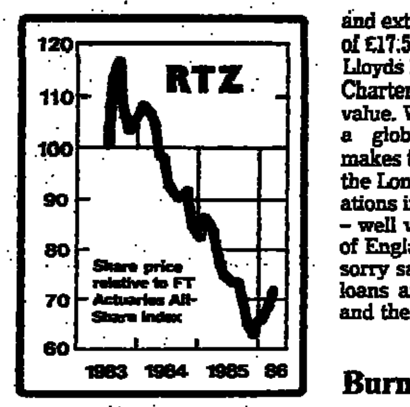
The battle of Broken Hill

The entry of Elders IXL into the battle for BHP yesterday morning in Australia was quite breathtakingly deft. Institutional shareholders in BHP were poised to sell at least a part of their holdings to Bell. And since A$2bn in credit lines is nothing to a company that evidently could rely on the best part of £2bn for its assault on Allied-Lyons, it was merely a matter of offering the right price to shake out wobbly institutions in Australia and London: A$7.36 a share contains a premium to a fundamental valuation knocked sideways by the oil price and a discount to the Bell offer which may be justified by its partial and mercurial nature.

Whether the BHP board had a say in Elders' purchase of nearly 20 per cent of its equity is open to question. What is clear is that the future of Australia's largest company lies not so much with the board as with those new men, Mr Elliott and Mr Holmes à Court. The possibilities ramify out of sight.

For the moment, the credit lines remain in place for a further Elders tilt at Allied; but it is hard to imagine Elders devoting as much effort to mastering the intricacies of UK monopolies and mergers policy with such a fat fish to fry. What happens in Australia is another matter. Bell is quite as flexible an operator as Elders and was merrily buying its shares yesterday: the Elders price in London seemed to be suggesting that Mr Holmes à Court might pick up his 20 per cent of BHP through Elders instead. Or Elders might place stock with BHP, or Bell makes its escape – and so it goes on.

Not that it matters much to the market. The injection of some A$1.3bn direct into the Australian equity market yesterday morning sent every index through the roof.



RTZ

It may have been Rio Tinto-Zinc's brush – actual or imagined – with the glamour of Australian takeover activity, or it may have been a re-evaluation, but somehow this year RTZ has got itself re-rated. Having doggedly underperformed the market since the middle of 1983, RTZ's share price has enjoyed a tremendous run, and yesterday's figures and dullish prospects knocked only 5p off, to 718p.

The 10 per cent increase in net profit attributable to RTZ at £236m was quite as anybody expected, even if its composition was not. Had RTZ translated its earnings at average instead of year-end rates, the growth would have been 25 per cent. Equally, weak local currencies and tight controls were bound to have a strong benefit on costs in Australia and South Africa; but the quadrupling of sterling profits from the Rossing uranium operation is simply remarkable.

But the market seems to have decided that RTZ should at last be recognised for its wide and long horizons and its diverse strength: last year the energy interests saved the day, this year lower capital spending and the industrial interests should take their place. Of course, flat earnings are flat earnings, except that they are now rated on a multiple of nine.

JMB/Westpac

The Old Lady's honour is saved. The wranglings over Johnson Matthey Bankers' rescue that dark weekend in October 1984, extended so far into the political limelight that the Bank of England must have felt the need to recoup its £100m capital injection as some justification. That it should now do, from yesterday's disposal to Westpac Banking of the largest saleable part, along with the other sales, and the commodities dealing business still on the market. In the end, the Bank of England managed to run auction for the bullion, foreign exchange and treasury businesses and extract a premium to net worth of £17.5m; not bad when a week ago Lloyds Bank hoped to buy Standard Chartered for less than net asset value. Westpac's desire to establish a global gold trading network makes that price for membership of the London gold market – and operations in New York and Hong Kong – well worth paying. But the Bank of England cannot forget the whole sorry saga until the last of the bad loans are recovered or written off and the legal thicket is cleared.

Burmah Oil

It has taken years for Burmah Oil's management to grasp all the nettles allowed to thrive by its predecessors. Now the task is almost complete. Most important a buyer has at last been found for the Bahamas terminal, even if it is costing the UK oil group £21m in extraordinary losses which will only be partly recouped in the sale price. That news as much as the rise in pre-tax profits from £65.4m to £79.6m pushed the share price up 27p to 364p yesterday. The rise may not represent a sigh of relief so much as an increase of bid hopes. Perhaps that was in Burmah's thoughts, too, and cynics attribute the 18.6 per cent increase in the dividend to a pre-bid defence rather than generosity to shareholders.

The task now is to make the most of what is left if a bidder is not to be admitted, and that will not be easy this year. The exploration and production business, which Burmah now stresses is a small part of the whole, will clearly not be a growth area in 1986 even though Thistle field production is still profitable at these oil prices. Nor does the LNG and tanker division offer much potential. Speciality chemicals is still a small part of the group, and though it will attract investment and acquisition spending, it will take time to build up. Hopes lie, therefore, with Castrol which should do well this year, if it can keep a large part of the benefits of lower oil prices to itself. Longer term, Castrol has to fight hard to increase its share of markets, many of which are mature. The prospect of a takeover must concentrate the mind wonderfully, but 1986 profits are unlikely to show the growth of last year.

Benazir throws down gauntlet

Continued from Page 1

the late Mr Bhutto whose picture was carried by hundreds of people. The pictures depicted him as Prime Minister, locked up in jail and being hanged.

"Zia and Marcos bhai, bhai" (brother, brother), chanted the crowd, illustrating how they hoped Miss Bhutto's return would lead to the fall of a second Asian president within a few weeks.

By contrast, posters showed Col Gadaffi, Libya's leader, hand in hand with Mr Bhutto, symbolising opposition to the US. Chants of "Zia dog" were mixed with "Americans dog," and a US flag was burned.

Last night, Miss Bhutto addressed the biggest political meeting seen in Lahore in living memory. She pledged her party to unify Pakistan and to lead it to election victory.

She traded heavily on the memory of her late father and told a meeting, estimated to total at least 300,000: "The sight of you people makes me feel my father is still alive before my eyes."

Her father had told her when he was in jail before being executed that she would have to "sacrifice everything" for Pakistan. "I am willing to do that. I will live and die if necessary for this mission," she declared.

It was almost inevitable that the return home of Miss Bhutto from exile in Europe after years of house arrest in Karachi, southern Pakistan, would draw huge, excited crowds of curious as well as political supporters.

But her success was significant not only because of the size of the crowds but because it took place in the province of Punjab, which is army-dominated and is less likely to give Bhutto a rapturous welcome than the family's home province of Sind and the provincial capital of Karachi.

Bank of England acts to quell pressure for early rate cut

BY GEORGE GRAHAM IN LONDON

THE Bank of England acted yesterday to calm London money markets and head off expectations that Tuesday's ½ percentage-point cut in bank base lending rates might be followed immediately by another reduction.

Britain's central bank refused to buy bills from the discount houses and instead lent money to them for one week at a penal rate of interest.

Three-month money market interest rates had earlier moved below 10¼ per cent, ¾ points below the new bank base rates. The central bank stepped in after Wednesday's announcement of money supply figures for March, which showed growth well outside of the official target, failed to deter the markets.

The authorities have been concerned at the apparent euphoria in London's financial markets and have favoured a more cautious move to lower interest rates. The central bank had already used the technique of lending at a penal rate three weeks ago to quell pressure for a second base rate cut immediately after rates had moved down to 11½ per cent.

Yesterday's action was widely expected in the money markets and many of the discount houses had already met their needs for liquidity at 11 per cent. The bank lent £155m at 11¾ per cent, a rate viewed in the money markets as more painful than the one applied when the technique was used last month.

Discount house dealers said the move was a forceful signal that the authorities did not want another cut in base rates at least until the meeting of Opec due to take place next week has been resolved.

Sterling remained strong on foreign exchange markets and closed in London only slightly lower at $1.4845 and DM 3.4175. The Bank of England's effective exchange rate index, which closes earlier in the afternoon, gained 0.1 to 75.9.

The London stock market, however, was more euphoric and share prices rose sharply after three days of losses. The FT Ordinary share index ended 25 points higher at 1,401.5, while the broader FT-SE 100 share recorded the biggest rise in its history, ending 31.3 up at 1,690.3.

● Barclays Bank followed its base rate cut earlier in the week by announcing it was lowering its mortgage rate on home loans by ½ point from May 1. Its mortgage rate had before been higher than the prevailing building society rate of 12 per cent, so the new level of 11¾ per cent is not expected to trigger a more widespread reduction in homebuyers' borrowing costs.

Details, Page 11; Money markets, Page 35

Westpac to buy most of JMB

Continued from Page 1

son Matthey Bankers will disappear.

JMB's gold business is said to be profitable, although precise figures are not available and its performance has suffered through uncertainties about its ownership.

Westpac intends to absorb the acquisition into Mase-Westpac, its existing bullion subsidiary, and use it to develop a global bullion trading business. The transferred entity will retain its UK banking status as well as its membership of the exclusive five-member London gold market.

N.M. Rothschild, the merchant bank, issued a statement yesterday on behalf of the members welcoming Mase-Westpac and saying that its arrival would further strengthen the London gold market and consolidate its position

UK pay awards 'must come down'

BY OUR ECONOMICS STAFF

BRITAIN'S pay settlements must come down, if the benefits of lower oil prices are not to be thrown away in a once and for all gain, the Bank of England said yesterday in its quarterly bulletin.

With oil prices at $15 a barrel instead of $30 British inflation could be ¼ to ½ per cent lower than it would have been in 1986, with a similar gain the following year. Other countries, however, would receive a greater benefit to inflation since Britain's gain will be partially offset by the inflationary effect of a lower exchange rate.

"It is crucial that wage bargainers recognise that foreign competitors also gain from lower oil prices, which will have fallen even further in foreign curencies, and will be reducing their pay settlements in line with their falling (if not vanishing) inflation rates," the Bank said.

Wage costs per unit of output were rising at a rate of 4½ per cent a year by the end of last year, above the average of most other industrial countries. This contributed to a loss in competitiveness.

With average earnings still increasing at an underlying rate of 7½ per cent a year, compared with retail price inflation now at 5.1 per cent and expected to fall, there was room for workers to accept lower pay settlements and still receive an increase in their real disposable incomes.

Burmah Oil to quit as offshore operator

By Dominic Lawson in London

BURMAH OIL, the UK's oldest oil exploration company and the first company to find oil in the North Sea, said yesterday it will cease its activities as an offshore operator.

Initially the company is to cut its planned 1986 exploration budget by at least 50 per cent to about £13m ($19m) and reduce its 130-man exploration and production team by two-thirds.

Burmah's original North Sea interests form some of the best assets of Britoil, the UK's largest exploration company. Burmah sold these interests, including a large stake in the Ninian field, to what was then the British National Oil Corporation because it was unable to finance development.

However, Burmah made a series of fresh moves into the oil exploration business last year.

Burmah's plan was to ensure that oil production accounted for at least a quarter of future earnings, but yesterday Mr Lawrence Urquhart, the managing director, said: "We have built up an operating capability but at current oil prices we have no development prospects. ... we will withdraw from operations in the North Sea."

Mr Urquhart said Burmah would try to find other companies to take over its operating obligations and would plan to reduce its North Sea interests to pure equity stakes of about 10 per cent. In the past, Burmah has taken stakes of around 30 per cent in North Sea blocks.

Burmah's share price rose 27p yesterday to 364p after the company announced net profits for 1985 up 43 per cent at £52.1m and the disposal of its loss-making Bahamas oil terminals.

UK electricity prices, Page 9; Feature, Page 20; Burmah results, Page 28

Japan's World Bank role

Continued from Page 1

effective veto over changes in the Bank's articles of association.

The US insists on retaining a veto, so consideration is being given to lowering the veto level to 15 per cent, the same as that in the IMF.

This would require altering the articles of association, hovever, a fundamental constitutional change which would present other shareholders with the opportunity to seek changes too.

Developing countries might, for example, seek to increase their influence in the institution. There are also fears about how the world's financial markets, which provide the World Bank with most of its funds, would react to a cut in the US shareholding.

Of more immediate concern is the implication of Japan's stance. Most of the major industrial countries which contribute to the IDA are calling for an increase in its funding to $12bn, now being negotiated. But officials say this goal would be impossible to reach if Japan were to reduce its proportionate contribution.

A hint of official concern about the situation came in a speech which Mr Robin Leigh-Pemberton, the Governor of the Bank of England, gave to the Development Committee of the Bank and the IMF yesterday.

"We have heard with special attention what the Japanese Deputy Minister has said about his country's wish to assume a greater share in the World Bank in relation to its IDA contributions," he remarked, after saying that the UK supports a $12bn IDA replenishment and will retain its existing share in the lending agency.

IMF outlook on world economy

Continued from Page 1

through detailed analysis of such factors as interest and exchange rates, current account balances, budgetary positions.

The idea is strongly supported by Mr Lawson, who likened it to the medium-term financial strategy now in operation in Britain, but West Germany and Japan are less enthusiastic.

Mr Onno Ruding, the Finance Minister of the Netherlands and chairman of the Interim Committee, said that a majority of countries had rejected any move towards the establishment of target zones for the main currencies.

In his remarks to the Interim Committee, Mr Baker made clear that Washington was still looking for significant improvements in the international monetary system.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	F	14	57	Malta	–	—	—	Rhodes	S	22	72
Algiers	S	17	63	Edinburgh	C	4	39	Manchester	F	5	41	Rio de J'o	C	33	91
Amsterdam	C	4	39	Faro	S	17	63	Manila	S	35	95	Rome	F	14	57
Athens	S	21	70	Florence	R	8	46	Melbourne	S	27	81	Salzburg	R	5	41
Bahrain	C	29	84	Frankfurt	R	3	37	Mexico City	S	27	81	San Francisco	S	21	70
Bangkok	S	35	95	Funchal	C	17	63	Miami	F	16	61	Seoul	F	17	63
Barcelona	–	—	—	Geneva	D	5	41	Milan	C	12	54	Singapore	F	32	90
Beirut	–	—	—	Gibraltar	F	17	63	Montreal	C	7	45	Stockholm	F	-1	30
Belfast	C	5	41	Glasgow	C	5	41	Moscow	C	11	52	Strasbourg	C	4	39
Belgrade	S	17	63	Guernsey	C	4	39	Munich	R	3	37	Sydney	S	25	77
Berlin	Sn	0	32	Helsinki	F	1	34	Nairobi	C	25	77	Taipei	S	29	84
Biarritz	R	8	46	H. Kong	C	26	79	Naples	C	15	59	Tangier	C	17	63
Bombay	S	33	91	Innsbruck	R	5	41	Nassau	S	28	82	Tel Aviv	S	23	73
Bordeaux	C	6	43	Inverness	C	4	39	New Delhi	S	33	91	Tenerife	F	20	68
Brussels	F	7	45	Islamabad	C	31	88	New York	C	13	55	Tokyo	S	19	66
Budapest	C	14	57	Istanbul	S	20	68	Nice	S	14	57	Toronto	C	5	41
B. Aires	C	24	75	Jakarta	C	32	90	Nicosia	S	26	79	Tunis	F	19	66
Cairo	–	—	—	Jersey	R	4	39	Oporto	S	13	55	Valencia	–	—	—
Cape Town	S	20	68	Jo'burg	F	24	75	Oslo	F	0	32	Venice	F	13	55
Caracas	C	31	88	Lima	S	24	75	Paris	C	8	46	Vienna	C	13	55
Casablanca	C	15	59	Lisbon	S	14	57	Peking	S	17	63	Warsaw	R	4	39
Chicago	F	11	52	London	C	5	41	Prague	C	6	43	Washington	–	—	—
Cologne	R	4	39	Los Angeles	F	21	70	Reykjavik	C	6	43	Zurich	R	3	37
Copenhagen	F	1	34	Luxembourg	Sn	2	36								
Corfu	F	16	61	Madrid	F	12	54								
Dallas	–	—	—	Majorca	–	—	—								
Dublin	C	6	43	Malaga	–	—	—								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

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FINANCIAL TIMES
Friday April 11 1986

BUOYANT STOCK MARKETS LIFT COMMISSION EARNINGS 21%

Commerzbank profits soar

BY JONATHAN CARR IN FRANKFURT

COMMERZBANK, one of the leading West German commercial banks, has made a strong start to 1986 after piling up record operating profits last year of more than DM 1bn ($429m) in the parent company and about DM 1.5bn in the group.

Mr Walter Seipp, chief executive, said partial operating profit, which excludes earnings from the bank's own-account trading in securities and foreign exchange, rose in the first two months by 19 per cent to DM 145m.

He said the interest margin, the difference between interest earned and paid, had fallen slightly from the 1985 level of 2.56 per cent, but the bank had more than made up for this with an increase in business volume. As a result interest profits in January and February rose by 5 per cent.

Thanks above all to buoyant stock market business, commission earnings jumped by no less than 21 per cent. Results from all subsidiaries were good, Mr Seipp said, but he did not hazard an early dividend forecast for the year.

For 1985 Commerzbank proposes to raise its payout to 16 per cent from 12 per cent. Of the other "big three" German banks, Deutsche Bank is paying 24 per cent and Dresdner Bank 20 per cent.

Walter Seipp

Defending a widely-criticised February rights issue, during which the market price for the old shares temporarily dropped below the DM 300 set for the new ones, Mr Seipp said Commerzbank had been caught by a sudden stock market setback that had hit banking shares worldwide.

The Commerzbank issue had to be carried through against what Mr Seipp called "unfriendly background music." But what ultimately counted was that DM 900m had been raised, bringing the group's liable equity to DM 4.76bn compared with DM 3.1bn at end-1984, he said.

That meant Commerzbank was able to meet the tougher capital-lending ratio specified in the newly-revised German credit law without having to use the transition period to 1991 which the law permits.

The bank has achieved higher earnings and a stronger capital base against a background of steady domestic economic growth, expected to strengthen this year, and no major new burden in 1985 from the international debt problem.

However, Mr Seipp noted that the group was putting more than DM 1bn of last year's earnings into loan-loss provision, of which some two-thirds was for foreign country risk. Actual loan losses last year were relatively modest at just over DM 50m and the bank had put up between DM 150m and DM 200m in "fresh money" for debtor countries in Latin America.

Mr Seipp said that although the oil price fall would on balance benefit the world economy, not least the oil-importing developing countries, this did not mean an automatic solution to the debt crisis. For example, few had expected a couple of years ago that South Africa would join the ranks of problem countries.

Details of Commerzbank's 1985 results, now released, show parent bank interest profits up by 8.3 per cent to DM 1.9bn and commission earnings soaring by 25 per cent to DM 845m. The parent's balance sheet total rose by some DM 10bn to DM 82.6bn and that of the group by DM 14.5bn to DM 137.2bn.

Commerzbank was quick to broaden its funding base by making use of new instruments, including zero coupon bonds and floating rate notes, permitted in the liberalisation of the German capital markets last May.

But Mr Seipp chided both the Bonn Finance Ministry and the Bundesbank for failing to take still more thorough-going steps. In particular, he appealed again for abolition of the stock market turnover tax, which hindered development of a secondary market in Floating Rate Notes (FRNs) in Germany.

● Berliner Handels- und Frankfurter Bank, the West German merchant and commercial bank, raised partial operating profit sharply in the first quarter of this year after an increase of 13.5 per cent to DM 140.5m in the whole of 1985.

Contributing to last year's buoyant performance were boosts in interest profits of 11.2 per cent to DM 246m and in commission earnings of 19 per cent to DM 126m. The dividend for this year is being raised to 24 per cent after 21 per cent before.

Intel hit by $22m loss in quarter

By Louise Kehoe in San Francisco

INTEL, the US semiconductor manufacturer, has reported a net loss of $22m, or 19 cents per share, for the first quarter ending March 29. During the same quarter last year, Intel had a net income of $11m, or 9 cents per share.

Revenues for the first quarter of 1986 were $280m, down from $375m a year ago. The first-quarter net loss includes a $7.6m one-time gain from the pre-payment of a low interest debt obligation.

Intel's earnings have been dramatically reduced over the past 18 months by an industry-wide recession. The company indicated, however, that it anticipates better business conditions. "We think the first quarter was the bottom of this cycle," said Dr Andrew S. Grove, president and chief operating officer.

Intel's revenues were down from the previous quarter despite a general improvement in semiconductor orders. The company offered two explanations. "First, IBM, our largest customer, bought less because it is working off inventory acquired under its 1985 contract with Intel. Second, we had unusually strong demand for some systems products in the fourth quarter," it said.

Intel benefited, however, from price increases on its Eprom (Erasable Programmable Read Only Memory) chips. In March, the company raised its Eprom prices by 25 per cent. Eprom prices fell dramatically in 1985, but are now rising. This is largely due to the increased value of the yen, which is putting upward pressure on prices of chips coming from Japan, and to a Commerce Department preliminary ruling imposing dumping duties on Japanese chips.

Hiram Walker cleared to sell liquor division

BY BERNARD SIMON IN TORONTO

THE ONTARIO Supreme Court has dismissed an application to block Hiram Walker Resources, the Canadian spirits and energy group at the centre of a fierce takeover battle, from selling its liquor business to Allied-Lyons, the British food group.

The court's decision came as Olympia & York, the real estate and resources group which sought the injunction against the sale, pondered its next move in the contest for Hiram. Olympia, whose 80 per cent-owned subsidiary Gulf Canada made the initial bid for control of Hiram last month, has yet to respond to a surprise competing offer by TransCanada PipeLines, the Toronto energy and gas transmission group.

Hiram's board is widely expected to react more favourably to TransCanada's C$4.1bn (US$2.97bn) offer than to the unwelcome overtures from Olympia, a private company controlled by Toronto's Reichmann family.

In his ruling, Judge Robert Montgomery endorsed Hiram's tactics of selling off its liquor business to Allied-Lyons in an effort to frustrate Olympia's takeover bid. He accepted assurances by two Hiram directors that the sole purpose of opposing Olympia was "to maximise values for all Hiram Walker shareholders."

Gulf Canada's initial offer consisted of a partial bid for up to 26m Hiram common shares at a price of C$32 a share and one series of preferred shares at C$28.63 each. Gulf and Olympia have subsequently extended their offer to all 112m common shares (including conversions and warrants) at a price of C$35 apiece. TransCanada's tender offer is for C$36.50 a share.

The judge also turned down Olympia's request for an injunction barring Hiram from using the proceeds of the C$2.6bn liquor business sale to Allied-Lyons to finance an offer by a new company, Fingas Investment, for up to 50m Hiram shares at C$40 each. Hiram and Allied are the controlling shareholders in Fingas.

The judge said "the use of corporate funds to benefit all shareholders is quite proper."

Both the Olympia and TransCanada bids are conditional on Fingas withdrawing its offer.

Olympia, which already has an 11 per cent voting interest in Hiram, has been supported up to now by the target company's largest current shareholder, Interprovincial Pipeline, which has a stake of roughly 15 per cent.

But Interprovincial's chairman, Mr Robert Heule, told the annual meeting in Toronto that the company will consider TransCanada's proposal. He said: "We have one purpose – to get the best value for the 12.7m shares in Hiram Walker that we hold."

Sulzer Bros back in profit with SFr 42m

BY JOHN WICKS IN ZURICH

SULZER Brothers, the Swiss engineering concern, returned to profit last year with consolidated net earnings of SFr 42m ($21.3m). This compares with a group loss of SFr 18m in 1984 and one of SFr 102m the previous year.

Group sales rose by 7.3 per cent to a record SFr 4.54bn, and new orders were up 4.4 per cent last year to SFr 4.78bn.

The Winterthur-based parent company, which booked net profits of SFr 26.4m after a 1984 loss of SFr 5.2m, proposes to resume dividend payments, with a distribution for 1985 of SFr 80 per share and SFr 8 per participation certificate.

This would be the same dividend as was paid for 1982. The payout rate had been SFr 140 per share until 1979 and SFr 100 for the two following years.

The board will also propose raising almost SFr 63.5m through a one-for-six rights issue of shares and participation certificates.

The offer will comprise 29,000 registered shares of SFr 1,000 nominal value at a unit price of SFr 1,600 and up to 106,671 certificates of SFr 100 nominal value at SFr 160 each.

The board will also seek a maximum of SFr 100m nominal value in approved participation-certificates capital. This would be created without drawing rights and used to back a warrant bond issue should capital-market conditions prove favourable later this year.

Setback for Teledyne

By Our New York Staff

TELEDYNE, the Los Angeles-based diversified manufacturing group, has reported sharply lower first-quarter net earnings of $63.8m, or $5.45 a share, 48 per cent lower than the $123.5m, or $10.54, for the corresponding period a year earlier.

The decline reflects much smaller gains on the sale of portfolio investments by Teledyne's insurance subsidiaries, which heavily influence its quarterly results. The 1985 first quarter included $91.6m in investment sales gains compared with just $4m in the latest period.

Excluding these gains, first-quarter after-tax operating income increased to $59.8m, or $5.11, from $31.9m, or $2.72. Sales slipped marginally to $805.9m from $818.1m.

The group's casualty insurance subsidiaries posted improved underwriting results in the quarter.

Montedison expands stake in Erbamont

By Alan Friedman in Milan

MONTEDISON, Italy's chemicals, health care, energy and financial services group, said yesterday it was paying $125m for a 13 per cent shareholding in its subsidiary, the Erbamont Pharmaceuticals holding company, from Hercules, the US chemicals group.

The acquisition takes Montedison's holding in Erbamont to 84.6 per cent. The stake was originally transferred to Hercules in 1983 when Montedison and Hercules formed Himont Polypropylene, a 50-50 joint venture.

Mr Mario Schimberni, Montedison chairman, said the increased stake in Erbamont, which is based in the Dutch Antilles and quoted on Wall Street, would enable Montedison to expand its pharmaceuticals interests further. He hinted both at acquisitions in exchange for Erbamont shares and at new investments which "Erbamont could finance by means of equity issues."

The latter statement appears to confirm rumours in Milan that Montedison is planning a large share issue for Erbamont on the New York Stock Exchange, possibly before the summer. The size of the issue is not known but could total more than $100m.

Erbamont's consolidated net profit rose 41 per cent last year to L97.1bn ($61m) on total revenues of L1,286bn, an increase of 11 per cent on 1984.

Texas American strengthens energy loan reserves by 50%

BY PAUL TAYLOR IN NEW YORK

TEXAS AMERICAN Bancshares, the Fort Worth banking group, has become the latest Texas bank to announce a substantial strengthening in its reserves for troubled energy loans by making a $44m first-quarter special loan loss provision. As a result Texas American said it plunged to a $22m first-quarter net loss and slashed its quarterly dividend by more than a third to 25 cents from 38 cents a share.

Texas American, the eighth largest Texas banking group and the 70th largest in the nation with $6.4bn in year-end assets, is the third Texas bank to unveil a substantial strengthening in its loan loss reserve cushion in the first quarter and the second banking group to announce a net loss in the first quarter as a result.

Among the larger Texas banking groups, RepublicBank announced a 35 per cent decline in first-quarter net earnings earlier this week to $23.1m after making a $52m provision for possible loan losses – including a $36m addition to reserves. Last week RepublicBank's Dallas rival, MCorp warned that it expects to post up to a $130m first-quarter loss as a result of nearly doubling its loan loss reserves.

The problems of the Texas energy lenders as a result of plunging oil prices has already sparked concern in Washington and led to one big failure. Last weekend US bank regulators closed Mainland Savings, a $1bn Houston savings and loan.

Texas American said that as a result of its special provision its loan loss reserves would be increased by 50 per cent to $84m, or 1.72 per cent of total loans, from $56m or 1.16 per cent of total loans at the end of 1985.

Mr Lewis Bond, Texas American's chairman, said the exception provision was made because of the dramatic fall in oil and gas prices in recent weeks, and because of uncertainties about future energy prices and the adequacy of the group's loan loss reserve.

Mr Bond added that the size of the loss reserve addition was based upon an average expected oil price of $15 a barrel.

Mr Bond said that "Texas American Bancshares remains a well capitalised company" with a primary capital ratio of 6.7 per cent, "well above the regulator minimum of 5.5 per cent." He expects the banking group to be profitable during the rest of the year.

The banking group said the special first-quarter loan loss provision resulted from a careful review of its energy loan portfolio and noted that "although energy loans account for a large portion of the allocated reserves, Texas American Bancshares' energy portfolio continues to decline, and at $424m, represents less than 10 per cent of the loan portfolio, a much smaller percentage than most Texas Bank holding companies."

Two NY banks lift earnings

BY OUR FINANCIAL STAFF

TWO medium-sized New York banks, Irving Bank and Bank of New York, yesterday reported higher first-quarter earnings as the reporting season for banks began to get into full swing.

Irving Bank, parent of Irving Trust, the eighth largest bank in New York and the 17th biggest in the country, raised net profits from $27.3m or $1.44 a share to $30.4m or $1.62.

The result continues an almost unbroken trend of quarterly earnings advances at Irving in the past three years. Assets at the end of the latest quarter were $20.9bn, up from $20.5bn a year earlier.

Mr Joseph Rice, chairman, attributed the rise to higher net interest and non-interest income. These were offset partially by increases in the provision for loan losses, to $19.5m from $10.8m in the comparable period, and a higher effective income tax rate.

Net interest income rose 5.7 per cent to $140.5m, while the net interest rate spread improved by 11 basis points to 3.31 per cent.

Non-performing loans amounted to $335.1m at the end of the latest quarter, against $263.8m at the end of 1985 and $309.1m at March 31 1985.

At Bank of New York, parent of the ninth biggest bank in New York state and the 18th biggest nationally, net profits rose more sharply from $32.8m or $1.67 a share to $41.1m or $1.97.

The rise reflected a 20 per cent increase in net interest earnings to $150.8m. Loan loss provisions rose from $26m in the 1985 first quarter to $40m, while net charge-offs rose to $29.9m from $15.4m.

The increase in net interest earnings was attributed to a $2.5bn expansion in loan volume coupled with an improvement in the net interest rate spread to 2.68 per cent from 2.52 per cent a year earlier.

Foreign exchange profits and securities trading gains were $3.8m in the latest quarter, up from $1.3m a year earlier.

Rhône Poulenc continues recovery

By David Marsh in Paris

RHÔNE POULENC, the French state-owned chemicals group, increased net profits 16.2 per cent last year to FFr 2.31bn ($310m), continuing several years of recovery based on the upturn in the world chemicals market.

The company, which is among the prime candidates for speedy denationalisation by the new right-wing Government, boosted turnover by 9.6 per cent to FFr 56.1bn.

Mr Loïk Le Floch Prigent, the chairman, has already admitted that the fall in the dollar could pose problems this year. It will increase the company's difficulties in competing with US groups on export markets. Rhône Poulenc's target is thus to try to keep 1986 results at a similar level to last year's.

Private shareholders from France and abroad now have a non-voting stake in the company of around 7 per cent as a result of an issue of non-voting preference shares last autumn. Mr Le Floch, although appointed by the previous Socialist Government in July 1982, has said he would favour partial denationalisation of the company, which passed into state ownership in February 1982.

Johnson & Johnson

JOHNSON & JOHNSON, the US drugs and health care group, is taking an after-tax write-off of $250m in the first quarter as a result of its abandoning the market for sophisticated body-scanning equipment. An incorrect figure was published in yesterday's edition.

Kaiser Aluminum back in profit for quarter

BY TERRY DODSWORTH IN NEW YORK

KAISER Aluminum and Chemical, the US aluminium group which has been fighting a prolonged battle against a determined takeover consortium, swung back into profit in the first quarter of this year and gave an optimistic forecast for earnings over the rest of 1986.

Net income amounted to $7.2m or 14 cents a share, against a loss of $25.5m, or 60 cents a share in the same period of last year. Sales rose to $531m from $472m.

A significant element in the improved results was a non-recurring credit of $32.5m for income received for an agreement to cancel an energy supply contract. The company said it was also helped, however, by reduced aluminium production costs, and that these two factors together more than offset a "significant" year-to-year decline in fabricated aluminium prices.

As a result, said Mr Cornell Maier, chairman, the aluminium division reduced its operating loss to $22.1m in the first quarter from $69.2m in the year-earlier period, despite a 9 per cent year-to-year drop in fabricated product price realisations.

He said he believed fabricated aluminium prices had bottomed out in the first quarter. "Increases already effective in the marketplace will improve fabricated product realisations in the second quarter." He expected the aluminium division to return to profitability this year and the corporation as a whole to report a profit for 1986.

Shipments in the first quarter totalled 205,400 tons, 22 per cent above the 168,500 tons logged in the same period of 1985. Fabricated products amounted to 94 per cent of the total.

Last month, Kaiser defeated a bid by a group of investors led by Mr J. A. Prates, an Oklahoma businessman, to oust the company's board. But the investor organisation, which owns 21.5 per cent of the aluminium group, has since said it will launch a proxy fight to win control of the board, and is considering sweetening its hostile takeover bid of $21.50 a share.

East Asiatic plans 1-for-2 rights issue

By Hilary Barnes in Copenhagen

EAST ASIATIC, the Danish manufacturing and trading group, has proposed a one-for-two rights issue in addition to the one-for-10 scrip issue already announced. The rights issue, of nominally DKr 382.5m ($44.5m) will be priced at 200 per cent of par, raising DKr 765m.

Group net sales from shipping, shipbuilding, manufacturing and trading activities by its 122 companies in all parts of the world, were down from DKr 17.98bn to DKr 16.69bn, reflecting exchange rate movements.

Gross operating profits fell from DKr 4.26bn to DKr 3.99bn but profits after depreciation and net financial costs increased from DKr 361m to DKr 433m. The net surplus rose from DKr 151m to DKr 200m.

Group debt was reduced from DKr 11.1bn to DKr 8.5bn and the ratio of equity to assets rose from 19 per cent to 23.7 per cent.

The group has fought back from two years of heavy losses in 1981 and 1982, when the dividend was cancelled.

INTL. COMPANIES & FINANCE

GE increases first-quarter earnings by 5%

BY TERRY DODSWORTH IN NEW YORK

GENERAL ELECTRIC, the US electrical and electronics group, increased its earnings by 5 per cent in the first quarter of this year but warned shareholders that its earlier forecast for sluggish economic activity in the US during 1986 remained unchanged.

Net income amounted to $537m, or $1.18 a share, against $511m, or $1.12, in 1985 while sales dipped to $5.88bn from $6.20bn.

GE, the sixth largest US manufacturing group, said the figures were helped by accounting changes on the new treatment of pensions, *but even without these "modest beneficial"* effects, first-quarter earnings were better than a year ago. The favourable impact of these changes was offset, it added, by additional costs on corporate restructuring programmes.

Although GE did not break out figures for separate divisions, it stressed that its financial services operations registered a particularly strong performance in the quarter.

The main depressant on earnings came from power systems, one of its largest and oldest business sectors, which is experiencing depressed orders for new energy generating capacity worldwide. As a result, the turbine business had a loss in the quarter on much lower volume although the company said structural changes in operations should pull it back into profit for the year as a whole.

Apart from financial services, the *main increases* in earnings came from major appliances, plastics and medical systems, which all achieved volume increases from a year ago. Aircraft engine earnings were "somewhat above" last year, despite lower revenues, and a strike at one of its manufacturing plants which has now been resolved. Mr Jack Welch, chairman, said the performance of this division was due to improved costs and a more favourable product mix.

Earnings in the materials division remained about the same as a year ago while technical products acitivities achieved a "modest" increase in net income with the improvement coming mainly from medical systems – a division which GE is planning to strengthen through the acquisition of part of Johnson and Johnson's medical diagnostic division.

● Westinghouse Electric, the second largest US electrical equipment maker, with interests in nuclear power, increased first-quarter net earnings from $129.7m, or 74 cents a share, to $135.2m, or 88 cents. Sales rose from $2.31bn to $2.55bn.

Electronics boost profit at Raytheon

By Our New York Staff

RAYTHEON, the diversified US electronics group, reported a 5.2 per cent advance in first-quarter net earnings on sales which grew by 12.7 per cent.

The Massachusetts-based group, which has been investing heavily in its Beech Starship rear-turboprop business aircraft, said first-quarter net earnings increased to $92.3m, or $1.19 a share, on sales of $1.73bn against net earnings of $87.8m, or $1.04, on sales of $1.53bn a year earlier.

Raytheon said strong sales growth continued in electronics, the group's largest business area, and noted that higher sales were also achieved by its energy services and household appliances businesses. These gains, however, were offset by "significantly lower sales" at the group's Beech Aircraft subsidiary "reflecting the continuing recession in the personal aviation industry."

The company said significant income gains in defence electronics systems were partly offset by depressed operating performance at Beech, which Raytheon acquired in 1980, and in its Badger chemical and petroleum plant design and construction unit.

Dresdner Bank wins DM 1bn mandate from Soviet Union

BY ALEXANDER NICOLL

THE SOVIET UNION, which has stepped up its foreign borrowing sharply over the past year, yesterday maintained the quicker pace with a DM 1bn loan mandated by its Bank for Foreign Trade, Vneshtorgbank.

The Luxembourg subsidiary of Dresdner Bank won the mandate with five other banks to syndicate the latest loan.

Terms are almost identical to those on a $250m loan for the same borrower arranged earlier this year. The loan is for eight years, with repayments of principal beginning after six, and interest set ¼ point above London interbank offered rates for three or six months, at the borrower's option. Vneshtorgbank may draw the loan in D-marks, Swiss francs, European currency units, or dollars.

The funding is to meet general financing requirements and not to repay specific existing debt.

Last year, the Soviets made publicised borrowings of $1.49bn on international capital markets, sharply up from $867m in the previous year. But the Organisation for Economic Co-operation and Development estimates that gross Soviet debt in convertible currencies rose to $30bn at end-1985 from $23.2bn at end-1984. After deducting deposits in banks in industrialised countries, net debt was estimated at $19bn against $11.8bn a year before.

Other mandated banks in the latest deal are Banca Nazionale del Lavoro, Banque Nationale de Paris, Industrial Bank of Japan, Midland Bank and Oesterreichische Laenderbank.

PepsiCo launches $200m issue with a 7⅜% coupon

BY CLARE PEARSON

HOPES of a US discount rate cut remained alive in the dollar Eurobond market, suggesting possibilities of coupon levels below 7 per cent in the near future, but, new borrowers were still keen to lock into the prevailing interest rates and swap opportunities.

Pepsico, the US soft drinks giant, launched $200m of debt priced at 100⅜ and paying 7⅜ per cent over seven years. This coupon contrasts with the borrower's five-year bond launched last month with an 8⅜ per cent interest rate, and implied a net spread over US Treasury bonds at issue of 44 basis points.

LTCB International led the deal. The pricing was viewed by one trader as "tight but right," and the bond was quoted yesterday afternoon at the level of its total fees.

Tokai Bank Nederland issued a $100m five-year bond with a coupon of 7½ per cent guaranteed by the parent company. This was priced at 101¼ to give a net margin over Treasuries of 60 basis points at launch. The bond was lead managed by Manufacturers Hanover.

Sumitomo Trust and Banking Corporation became the second Japanese trust bank to launch a full-size convertible bond following liberalising measures enacted last year. This $150m issue, which has been accorded a provisional triple A rating by Moody's, follows the $100m bond for Mitsubishi Trust announced on Monday.

Like Mitsubishi Trust's bond, the 15-year bond has an indicated coupon of 2½ per cent and expected conversion premium of 5 per cent. It is priced at par, and is callable from 1989 at 104 and then at declining premiums. Sumitomo Trust International, lead managing its first issue, reported very strong demand and a bid level of 103.

Familiar visitors t othe Eurobond market, the US Student Loan Marketing Association (Sallie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) both issued bonds late in the afternoon.

Sallie Mae issued a $100m bond. The coupon payments on the $100m issue will be rolled up and paid as a lump sum in year five, and there will be 8½ per cent coupons thereafter. The price is 101½. Daiwa Europe led the deal.

Freddie Mac's $200m collateralised mortgage obligation bond is one of five tranches of debt, making up a total of $530m, the other four of which will be offered in the US. The average life of the issue is 12 years, while it finally matures in 2001. Interest will be paid semi-annually at 7.9 per cent. Fees are 1½ per cent. Nomura International led the deal.

Canadian Pacific, launched a $100m 10-year bond with a coupon of 7½ per cent. Union Bank of Switzerland and Wood Gundy led the deal, which was quoted around the less 2 per cent fees level.

CIBC Mortgage Corporation launched a Canadian dollar issue, with CIBC as lead manager. The C$100m five-year bond, which yaps coupons of 9½ per cent, was priced at 100½, and was trading around less 2⅛ to less 1⅞ yesterday afternoon.

The Regional Municipality of Ottawa Carleton launched a two-tranche issue. The first tranche, for C$40m, is for 12 years, pays a 9⅞ per cent coupon and has a pirce of 100⅜. The second, $15m, tranche has a 20-year life, a coupon of 9⅞ per cent, and a price of 100½. The bonds provided at issue margins over Canadian dollar bonds of 55 and 70 basis points respectively. The short-dated tranche in particular saw strong initial demand. Wood Gundy led the deal.

The Australian dollar market saw no new issues, but prices rose by up to ½ point on average and traders reported a firm undertone.

The Ecu market ws described by one banker as "frothy" since the strength of demand is still not being satisfied by new issues. Investors are tending to shy away from existing stocks in anticipation of a flood of new bonds next week.

A classic borrower for this market, Bacob Finance, the Belgian savings bank, launched an Ecu 57m 7½ per cent bond with Union Bank of Switzerland as lead-manager. The seven year bond has a price of 100½, a level at which the bond was bid yesterday afternoon.

The Republic of Ireland issued an Ecu 100m bond outside its expected timing in the informal Belgian Ecu Eurobond calendar. The 10-year bond has a coupon of 7½ per cent and a price of 100½. There is a borrower's call option after seven years. Morgan Guaranty led the deal, and quoted a bid price of less 1⅞ yesterday afternoon. Traders thought the terms tight, and the issue likely to be adversely affected by the Belgian response to its unexpected timing.

The sterling fixed rate sector saw a partly-paid new issue designed to attract investors expecting a further fall in interest rates. The £50m issue for Compagnie Bancaire, the leasing arm of the Paribas group, is payable 16½ per cent in May and the balance in November.

As a trade-off for this feature, the coupon on the seven-year issue was set at only 9 per cent. The price is 101½. Banque Paribas reported healthy demand and a trading level well within 1⅞ per cent fees.

American Express launched a Y20bn bond with a coupon of 5⅞ per cent, maturing in 1993. The price was 101½ Dai-Ichi Kangyo International led the deal. It came too late to trade actively.

The Swiss franc market saw prices rise slightly.

Daicel Chemical launched a SFr 100m deal with equity warrants. The bond matures in 1991. The indicated coupon is 1⅞ per cent and the exercise premium expected to be 2½ per cent. The bond will be callable from 1988. Final terms will be set on April 17.

The D-mark market seemed to be consolidating. Prices were unchanged on average

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KLEINWORT Benson yesterday launched a $125m perpetual floating rate note issue. The bond pays interest at ⅜ point over 6-month London interbank offered rate. Credit Suisse First Boston was lead-manager, writes our Euromarkets staff.

The subordinated, unsecured note is callable annually from May 1991. From then also, it becomes fully fungible with Kleinwort Benson's outstanding dollar $100m floating rate note, issued in May last year.

The issue, which qualifies as primary capital under Bank of England rules, is intended to boost Kleinwort's resources at a time when it is expanding its business in the world securities markets and preparing for the Big Bang—the deregulation of the London markets.

Kleinwort also placed 2.6m shares yesterday with institutional and other investors to raise funds for the acquisition of Grievson Grant, the stockbroking firm it is in the process of acquiring.

Savory Milln to screen Europe equities research

SAVORY MILLN, the London stockbroker which is an indirect subsidiary of Dow Chemical of the US, yesterday launched a European equities research service on the London Stock Exchange's Topic screens, writes Alexander Nicoll.

Subscribers to Topic, and later to screen services in other countries, will be able to see Savory Milln's analysis of Continental companies as well as comment on international economic and political developments.

Increasing numbers of London-based firms are publishing research on European stock markets as they attempt to establish recognition both for their analysis and their market-making. The Continental market's extraordinary strength over the past year has been based largely on investment from abroad.

In addition to its research team, Savory Milln has one of the larger international equity dealing operations in London. Its team, led by Mr Hugh Hughes, a former Wedd Durlacher jobber, makes markets in about 250 European stocks. France will be added next week to its existing list of West Germany, the Netherlands, Belgium, Sweden and Norway.

Mr Hughes said that on average about 200 market-making bargains are struck every day with an average size of between £500,000 and £750,000.

After the October 27 Big Bang, which will abolish the bar on acting as both a principal and an agent in the UK domestic market, Savory Milln will make markets in UK equities with international recognition, and in building and financial stocks.

International borrowing in bonds hits record level

BORROWING ON the international bond markets rose to a record $51.8bn in the first quarter of 1986, as falls in interest rates spurred a surge in fixed rate issues, according to figures published yesterday by the Organisation for Economic Co-operation and Development, writes Alexander Nicoll.

The first quarter total was 39 per cent above that for the same three months of 1985, and compared with $46.6bn in the final quarter of last year. The 1985 total for Eurobond and foreign bond issues was $168bn.

The OECD noted that the improvement in issue terms has led many borrowers to refinance older, dearer issues. Many call provisions have been activated, and the amount of advance repayments of outstanding bonds rose to $9.6bn in the first quarter compared with a quarterly average of $4.7bn last year.

Dollar bonds accounted for $27.4bn or 53 per cent of new issues, down from last year's levels, an dthe share of yen, Swiss francs and D-Marks continued to rise.

There wsa slack business in note issuance facilities and similar underwritten deals, with the total faling to $5.3bn from $71.9bn in the last quarter of 1985. This was attributed to the expanding number of Euro-commercial paper programmes, which are arranged without underwritten backing.

Traditional syndicated bank small proportion of total new lending, with $6.7bn completed in the first quarter compared with nearly $12bn in each of the previous three quarters.

French tender offer raises FFr 26bn

By David Marsh in Paris

The French Government has raised FFr 26bn through a tender issue of 10-year bonds on the domestic capital market, the largest ever fund raising made in this way.

The tender result, announced by the Bank of France yesterday, underlines the fall in French interest rates during the last few weeks of heavy demand on the French capital market.

Issues of the bonds, part of an earlier-launched 9.8 per cent issue which is being fed out to the market in the form of a tap stock, were placed at an average yield of 7.83 per cent, against 8.26 per cent for a similar tranche sold on April 3 and 9.12 per cent on a tranche launched on March 6.

The Bank of France said bids worth a total of FFr 55.25bn were submitted, ranging from 110.1 per cent of par to 114 per cent. Bids of 112.8 per cent and above were accepted. The settlement date for the bond auction was set for May 2.

Japanese pension funds to seek improved investment returns

BY YOKO SHIBATA IN TOKYO

SHAKEN BY the lacklustre performance of pension funds managed by Japan's trust banks, the Foundation of Welfare Pension Funds, the country's largest pension fund operator with assets under management of Y1,000bn ($5.5bn), has drawn up new guidelines on pension fund investment which attach greater importance to high returns.

Other pension fund managers, with combined assets of Y13,000bn, are expected to follow the new guidelines, which will prompt greater competition to perform by the trust banks. They are also likely to add to the number of institutions, such as investment advisory companies, seeking to move into the lucrative pension fund market, which the trust banks have had largely to themselves.

Under the guidelines, the trust banks' fund management performance is to be assessed each quarter by using new indices of stocks and bonds. This assessment will include profits generated from an increase in historical book values and from current market valuation of "hidden" securities assets held by the trust banks.

The new guidelines acknowledge the possibility that those trust banks which have underperformed the average market yield will lose part share of the funds entrusted to them.

Reflecting Japan's rapidly ageing population, a phenomenal expansion of pension funds is expected in the next few years. Pension funds are expected to grow 20 per cent a year to reach $333bn by 1995 from the current level of $72bn.

Until last autumn, when nine foreign banks were granted trust banking licences, Japan's lucrative pension fund market was confined to the country's eight trust banks. The track-record of the trust banks in managing funds, however, has lacked sparkle, leading the Foundation of Welfare Pension Funds to argue voiceferously that performance could be improved by lifting the trust banks' monopoly.

The trust banks' traditional policy of "low return and low risk" has been one factor dampening performance. The trust banks reckon they have achieved a satisfactory performance in the past decade, concerned as they have been with such constraints as administrative "guidance" to limit their investments in high return foreign bonds and their own risk-averse policy of reducing the equity portion of their portfolios.

However, the Ministry of Health and Welfare, concerned that the current growth of the pension funds may not keep pace with the rapid growth of the number of pensioners, has just set up a private advisory council to study the possibility of letting non-trust banking institutions

Swiss to study further steps to deregulate

By Our Financial Staff

MR MARKUS LUSSER, vice president of the Swiss National Bank, says the bank would soon be "studying" further steps to deregulate the Swiss capital markets.

The National Bank has been slowly running down a variety of regulations and controls which have traditionally put restrictions on capital movements from Switzerland to the rest of the world.

The regulations which continue to exist should be examined in regard to their effects on competition and their purpose, he said at a conference sponsored by Bayerische Vereinsbank.

"It is to be recommended that regulations be abolished which have outlived their purpose."

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on April 10

US DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. [illegible]	200	[illegible]	[illegible]	[illegible]	[illegible]	9.43
Atlan. Richfield 10¼ 00	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11 95	200	119	119½	+0⅛	+0⅛	7.95
Australia Com. 11⅛ 00	100	120⅞	121⅛	0	+0⅛	8.60
BP Capital 9½ 94	[illegible]	[illegible]	[illegible]	[illegible]	+0⅛	8.36
BP Capital 11⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	+0⅛	8.47
Campbell Soup 10½ 95	100	114⅛	114⅝	−0⅛	+0⅛	8.21
Canada 9 96	1000	108⅝	109⅛	−0⅛	+0½	7.67
Canada 11½ 90	500	113⅝	114⅛	+0⅛	+0⅛	7.34
Canadian Pac. 10⅞ 93	100	110⅝	111⅛	+0⅛	+0⅛	8.60
CEPME 10⅛ 91	100	109⅛	109⅞	−0⅛	+0½	7.89
Citicorp 10 88	200	104⅛	105⅛	−0⅛	+0⅛	7.61
Citicorp 10⅛ 95	200	106⅝	107⅛	0	+0⅛	9.46
Credit Lyonnais 9 91	200	105⅛	105⅝	+0⅛	+0⅛	7.85
Credit National 9⅞ 93	150	106⅝	106⅞	+0⅛	+0⅛	7.89
Denmark Kgdm. 11⅛ 89	100	108⅛	108⅝	−0⅛	+0⅛	7.65
Denmark Kgdm. 11½ 90	100	112⅞	113⅛	+0⅛	+0⅛	7.72
Denmark Kgdm. 11⅛ 92	100	115⅞	116⅛	+0⅛	+0½	8.01
EDC 8½ 92	100	104	104½	+0⅛	+0⅛	7.60
EDF 10 95	225	109⅝	110⅛	−0⅛	+0⅞	8.42
EEC 8⅝ 91	150	104⅛	104⅞	0	+0⅛	7.44
EEC 9⅝ 90	350	105⅞	106⅛	+0⅛	−0⅛	7.92
EIB 10⅛ 94	200	110⅝	111⅛	−0⅛	+0⅛	8.38
EIB 12 95	200	124⅛	124⅝	0	+0⅛	8.07
Eli Lilly 10⅛ 92	150	113	113½	+0⅛	+1	7.58
Equit. Lrd. Rlty. 10½ 97	100	110⅛	110⅝	−0⅛	−0⅛	9.01
Export Dev. Cpn. 10 90	100	108⅝	109⅛	−0⅛	+0⅛	7.38
Fed. Dep. Strs. 10⅛ 95	100	112⅛	112⅝	0	+0⅞	8.14
Ford Motor Crd. 10½ 91	150	109	109½	0	+0⅛	8.33
Ford Motor Crd. 11⅛ 90	100	109⅞	110⅛	−0⅛	−0⅛	8.17
Gen. El. Cred. 10⅛ 00	200	106⅝	107⅛	0	+0½	9.34
GMAC 10⅛ 89	200	107⅛	107⅝	0	+0⅛	7.52
GMAC 10⅛ 92	250	108⅝	109⅛	−0⅛	+0⅛	8.33
IADB 9⅞ 95	200	111⅛	111⅝	+0⅛	+0⅛	8.11
IADB 10½ 95	160	114⅝	115⅛	+0⅛	+0⅛	8.14
Kellogg Co. 10⅞ 90	100	107⅞	108⅛	−0⅛	+0⅛	8.26
Kellogg Co. 11⅛ 92	100	112⅛	112⅝	+0⅛	+1⅛	8.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
A. & NZ Bk. 15⅞ 90 A$	50	106⅝	107⅛	+0⅛	−0⅛	12.74
BMW Finance 13 90 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fiat Finance 14½ 89 A$	50	103⅝	104⅛	+0½	+0½	12.73
LB Schlswg. 14⅞ 91 A$	30	†104⅞	105⅞	0	−2⅛	12.62
Amax 10⅞ 90 C$	50	106⅞	107⅛	−0⅛	−0⅛	8.85
Canad. Pac. 10⅞ 90 C$	75	106⅝	107⅛	−0⅛	−0⅛	8.44
CIBC 10⅞ 90 C$	75	†105	105½	+1⅛	+0⅛	9.24
Genstar Fin. 11⅞ 95 C$	75	†106⅛	106⅝	+1½	+0⅛	10.59
Montreal 11½ 95 C$	75	108	108½	0	−0⅛	10.07
Ryl. Trustco 10⅞ 90 C$	75	102½	103	+0¼	−1⅛	9.58
Sears Acc. 10⅞ 92 C$	75	†105⅝	106⅛	+1⅛	+0⅛	9.35
Coca-Cola F. 17 90 NS	75	†100½	101½	−3½	−6	16.58
Denmark 17½ 89 NS	50	†98½	99½	+0⅛	+0⅛	17.90
Unilever Cp. 17½ 89 NS	50	98⅛	99⅛	+0⅛	+1	17.66
Copnhagn. C. 9 95 Ecu	40	113⅛	114	+0⅛	+2⅞	7.02
EIB 8⅛ 93 Ecu	180	*†104⅞	105⅛	−3	−3	7.64
Walt Disney 8⅛ 94 Ecu	63	108⅞	109⅛	+1½	+3⅛	7.17
Honda WW 3⅞ 90 Fl	100	109⅞	110⅝	−0⅛	+2	1.20
Honda XW 3⅞ 90 Fl	100	92⅞	93⅛	+0⅛	+1	5.95
Thyssen 7⅛ 90 Fl	50	103	103½	0	0	6.36
Wereldhave 7½ 90 Fl	75	104	104½	0	+0½	6.33
Wessanen 6⅞ 90 Fl	50	101⅛	101⅝	−0⅛	+0⅛	6.37
NERSA 9⅛ 96 FFr	500	†109⅝	109⅞	+0⅛	+1⅛	8.29
Amev 11 93 £	50	105⅞	106⅛	0	+0⅛	9.68
Australia Com. 11 92 £	40	105⅞	106½	+0⅛	+0⅛	9.59
GMAC UK F. 10½ 90 £	30	103⅛	104⅛	−0⅛	+0⅛	9.26
Imp. Ch. Ind. 11⅛ 95 £	100	107½	108⅛	+0⅛	−0⅛	9.91
Imp. Ch. Ind. 10⅞ 92 £	75	104⅝	105⅛	−0⅛	+0⅛	9.67
Leeds Bld. S. 10½ 91 £	50	102½	103⅛	+0⅛	+1⅞	9.75
McDonalds 10⅞ 90 £	40	104⅛	104⅞	+0⅛	+0⅛	9.46
Mtsbshi. F. HK 11 90 £	50	103⅞	104⅛	+0⅛	+0⅛	9.71
Nat'nwide BS 10⅛ 93 £	75	101½	102⅛	+0⅛	+1⅛	9.77
NSW Treasy. 10⅛ 92 £	50	103⅞	104½	+0½	0	9.72
Royal Ins. 10⅞ 92 £	60	104⅛	104⅝	+0½	+0⅛	9.77
J. Sainsbury 10⅞ 93 £	60	104	104⅝	+0⅛	+0⅛	9.93
Tricentrol XW 11 92 £	35	78½	79	−0⅛	−0½	15.71
Tsthse. Forte 11⅛ 90 £	50	103⅛	104⅛	+0⅛	0	9.88
World Bank 11⅛ 95 £	100	112½	113	+0⅛	+0⅛	9.13
COE 8⅞ 95 LFr	600	104½	105	−0⅛	+1⅛	8.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

BARNETT BANKS OF FLORIDA
Banking

First quarter	1986 $	1985 $
Net Profits	36.4m	29.3m
Net per share	1.09	0.93

COLT INDUSTRIES
Vehicle, aerospace parts

First quarter	1986 $	1985 $
Revenue	393.5m	399.1m
Net profits	25.6m	32m
Net per share	1.30	1.60

FANNIE MAE
Mortgages trading

First quarter	1986 $	1985 $
Net profits	34.7m	†17.4m
Net per share	0.48	†0.28

† Loss

FLEET FINANCIAL
Banking, financial services

First quarter	1986 $	1985 $
Net profits	31.7m	24.8m
Net per share	1.20	0.98

FOTOMAT
Photo developing

Fourth quarter	1985-6 $	1984-5 $
Revenue	42.9m	45m
Net loss	9.8m	7.2m
Net per share	*0.39	0.72
Year		
Revenue	180.6m	180.5m
Net loss	16m	14.3m
Net per share	*0.74	1.42

* Increased shares outstanding.

HILTON HOTELS
Hotels

First quarter	1986 $	1985 $
Revenue	158.8m	173.2m
Net profits	17.4m	23.4m
Net per share	0.70	0.94

PARKER DRILLING
Drilling contractor

Second quarter	1985-6 $	1984-5 $
Revenue	60.1m	69.7m
Net loss	16.8m	15.1m
Net per share	0.57	0.52
Six months		
Revenue	114.9m	121.6m
Net loss	30m	36m
Net per share	1.02	1.23

RUBBERMAID
Plastic & rubber products

First quarter	1986 $	1985 $
Revenue	185.3m	160m
Net profits	15.7m	13.2m
Net per share	0.43	0.37

SOUTHEAST BANKING
Banking

First quarter	1986 $	1985 $
Net profits	19.6m	16.7m
Net per share	1.06	0.98

INTERNATIONAL COMPANIES and FINANCE

State to retain San Miguel stake

BY SAMUEL SENOREN IN MANILA

A SPECIAL commission formed by President Corazon Aquino of the Philippines to track down the wealth of ousted President Ferdinan Marcos and his close business associates will keep control of key stakes which it *has seized in San Miguel and* Benguet Corporation, two of the country's leading private sector companies, until it is able to determine their real owners.

The Presidential Commission on Good Government under former Senator Jovito Salonga said yesterday the courts may have to decide who owned the shares in both companies, which are together valued at more than $200m.

The 51m San Miguel shares, worth $188m, and representing 51 per cent of the company, were sequestered by the commission in the belief that they belonged to Mr Marcos's close business ally, Mr Eduardo Cojuangco, who was chairman of San Miguel until last month, when he was replaced by Mr Andres Soriano.

The 18.4m shares in Benguet, worth $18.4m representing 60 per cent of the company, were also seized on suspicion that they were owned by Mr Marcos's brother-in-law, Mr Benjamin Romualdez, the former Philippine ambassador to Washington.

In both instances, however, the names of Mr Cojuangco and Mr Romualdez do not appear in the books of the companies as owners of the shares in question.

Instead, the shares in San Miguel were listed as owned by 36 various companies while those of Benguet were held by two holding companies.

The commission is now trying to find out if these corporate investors are owned by Mr Cojuangco or Mr Romualdez. If the two men are found to be the real owners, the shares will be sold by the Government and the proceeds turned over to the national Treasury.

The complicated structure seemed *to follow a pattern* set by Mr Marcos and his associates in hiding ownership of large holdings in the Philippines and abroad involving webs of different holding companies.

In the case of San Miguel, the 33.3m shares which Mr Soriano's group bought last week for $165m are said to belong to the Coconut Industry Investment Fund, a trust fund whose classification has been hazy since it was set up by Mr Marcos after declaring martial law in 1972.

Trustees of the fund, which is claimed to be private and said to be owned by the Philippines' 1.5m coconut farmers, are questioning the action of the commission, contending that Mr Cojuangco had nothing to do with the fund.

The fund was believed to be a major beneficiary of a levy assessed by Mr Marcos's government on exports of coconut oil since 1974. But the fund, along with 22 other corporate investors, is widely believed to have given Mr Cojuangco control of San Miguel since 1984.

● The Swiss Banking Commission said yesterday that a number of Swiss banks have informed it that assets of Mr Marcos have been placed with them, writes John Wicks in Zurich.

The commission had asked certain banks and bank auditors to state whether they "held or administered funds belonging to the Marcos family or allied persons or companies." An official declined to say how many banks were involved.

Japan acts to curb land speculation

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is to instruct Japanese banks, life insurance companies and other financial institutions *to* exercise prudence in extending loans for land transactions which could encourage speculative deals.

The ministry and the National Land Agency, in a notice to be issued to all financial institutions in the name of Mr Masateru Yoshida, director general of the Banking Bureau, will announce a set of measures to curb surging land prices, in particular in the commercial district of Tokyo.

Commercial land prices in Tokyo, Osaka and other big cities jumped between 40 and 60 per cent last year, while the national average increase, not restricted to commercial land, was a mere 2.6 per cent, according to Land Agency figures.

Outstanding loans made by commercial banks to the property sector at the end of January surged 23.6 per cent above a year earlier, compared with the average 10.3 per cent growth in loans to all other industries.

A ministry official said yesterday that banks and other institutions will be obliged to report their loans for land deals, including the amount and the number of cases of lending to property companies. The forthcoming instructions are designed to tell institutions not to support land transactions which cause undue price increases, a Banking Bureau official added.

Mr Satoshi Sumita, governor of the Bank of Japan, revealed meanwhile that the central bank has warned all commercial banks against lending for speculative transactions in land and stocks. This was issued when it heard details of banks' lending programmes for the April to June quarter.

BICC to float 20% of Metal Manufactures

BY LACHLAN DRUMMOND IN SYDNEY

METAL MANUFACTURES, Australia's leading cable group, is to be floated through the sale of a 20 per cent interest by BICC, its controlling UK shareholder.

Based on a multiple of 10 times its 1985 net earnings of A$41.5m (US$30m) the company would be the 55th largest on the Australian share list as measured by market capitalisation. If floated at this price it would return some A$80m to BICC as 64 per cent shareholder.

BICC will retain Metal Manu*factures as a subsidiary for* accounting purposes because 38 per cent of its residual holding will be pooled with half of the 36 per cent stake owned by CRA, to give it 51 per cent of the company's votes.

Part of the funds from the sale will be reinvested in BICC's other Australian operations, which include the Balfour Beatty construction group.

The voting deal with CRA has a 15-year life but the remaining shares held by the two—11 per cent by BICC and 18 per cent for CRA can be sold. Both companies have agreed, however, not to sell *shares until after the* 1986 annual accounts are released.

Consolidated Gold Fields mines show fall in profits

BY KENNETH MARSTON, MINING EDITOR

LOWER profits have been reported for the March quarter by the seven South African gold mines in the Consolidated Gold Fields group. They reflect a fall in the average gold price received as a result of the strengthening of the South African rand against the US dollar

While the US gold price rose in the latest quarter to an average of around $343 per oz from $325 in the previous three months, the Gold Fields group mines received an average of R25,029 per kg compared with R27,170 in the December quar*ter of last* year.

Even so, the latest quarterly average is above the R22,201 received by these mines in the September quarter of last year

The combined net profits for the seven mines have fallen in the March quarter of this year R240.8m ($118m or £80.5m) from the December quarter record of R273.4m.

GOLD MINE NET PROFITS

	March qtr R000	Dec qtr R000	Sept qtr R000
Deelkraal	24,050	27,49?	13,911
Doornfontein ..	14,378	18,361	18,264
Driefontein ...	115,474	130,355	102,549
Kloof	68,309	74,380	58,090
Libanon	15,057	16,176	12,724
Venterspost ...	2,616	5,400	2,523
Vlakfontein ...	924	1,213	764

Money market side boosts Gulf Investment

BY RICHARD JOHNS

GULF INVESTMENT Corporation (GIC), established in 1983 by the six conservative Arab oil producers of the Gulf, made a profit of $57.2m last year compared with $46.4m in 1984.

GIC acknowledges that the return was "largely attributable to the commencement of money market operations in May 1985." At the same time the corporation has now committed itself to equity participation in and loan financing of four indus*rial projects in member states* costin gan estimated $325m.

At the end of last year capital paid up by Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates, Qatar and Oman totalled $540m. Shareholders' equity — including reserves and retained earnings — amounted to $64m.

Retained earnings last year amounted to $82.9m while $10.4m was allocated to each of the compulsory and vountary reserves. At the end of 1985 the balance sheet stood at nearly $1.05bn, 120 per cent up on the level 12 months earlier.

A GIC official in Kuwait, where the corporation has its *headquarters, said that it has* 20 more projects under "active consideration."

Projects already agreed are:

● The Gulf Rolling Aluminium Company in Bahrain, which will process metal produced by Aluminium Bahrain. The size of its equity involvement has not yet been decided.

● National Wire Drawing and Products Company in Saudi Arabia, a National Industries Corporation joint venture with West German concerns including Ferrostahl. GIC is to take a 25 per cent stake as well as provide loan finance.

● Saudi Arabia's joint venture *with Pratt and Whitney for the* overhaul of aeroengines at King Khaled International Airport as part of the "off-set" investment programme related to the Peace Shield aerial defence communications system being carried out by US companies. GIC has undertaken to take a 10 per cent holding in the venture.

● Boeing International Technology Group's joint venture, also with Saudia, for an aircraft modification facility. GIC plans a 10 per cent stake in this venture too, and will probably provide some loan finance.

Investment income in 1985 rose from $49.5m in 1984 to *$66.9m. Trading in securities* increased from $376m to $456m. Time deposits amounting to $395m at the commencement of money market operations grew to $570m by the end of 1985.

Earnings soar at Wankie

BY TONY HAWKINS IN HARARE

ZIMBABWE'S state-controlled Wankie Colliery Company yesterday announced a three-fold increase in profits in the wake of last October's 55 per cent rise in coal prices.

Wankie said its coal sales had risen more than 17 per cent to 2.8m tonnes but coke sales were fractionally lower at 186,400 tonnes.

Pre-tax profits soared from *Z$4.5m (US$2.7m) to Z$17.7m* in the year to February. Wankie says the steep increase is explained by larger sales volumes, careful cost control and last year's price rise.

Shareholders will not benefit from the profit surge, however. The dividend is unchanged at 5 cents a share which means that some 87 per cent of earnings is being retained. Mr Douglas Kadenhe, the chairman, argues that this is necessary to strengthen the company's financial structure and repay loans.

Hutchison in Cathay Pacific shares deal

A TOTAL of 7.5 per cent of Cathay Pacific Airways shares will be privately placed with three Hong Kong companies ahead of a proposed public flotation of the airline by its parent, Swire Pacific, agencies report from Hong Kong.

Baring Brothers Asia and Wardley, financial advisers for the flotation, said yesterday that a 50-50 joint venture between Hutchison Whampoa and Cheung Kong would purchase a 5 per cent stake in Cathay and a subsidiary of Hysan Development would buy 2.5 per cent.

The announcement also disclosed that the public offering of Cathay stock would amount to only 15 per cent of the airline's share capital. Initial plans last November indicated as much as 25 per cent of Cathay might be sold off.

Baring and Wardley said the privately placed stock could be sold at the same price as the shares offered to the public.

All of the shares will be sold by Swire Pacific, which now owns 70 per cent of Cathay, and Hongkong and Shanghai Banking Corporation, which holds 30 per cent. After the placement and flotation Swire will own 54.25 per cent and Hongkong Bank 23.25 per cent.

Mr Paul Hitchcock, a director of Baring, said the initial figure was given because of a legal requirement that at least 25 per cent of a listed company's share capital be public. "We had always intended about 15 per cent," he said. He indicated that Cathay expects to receive approval from the office of Hong Kong's Commissioner for Securities to offer less than 25 per cent.

Cheung Kong is a property and investment company closely controlled by Mr Li Kashing, who also serves as chairman of Hutchison Whampoa, a Cheung Kong associate. Hysan Development, another property and investment company, is about 55 per cent owned by the family of its chairman, Mr Jung Sen Lee.

The Daiwa Warrant Index: 1,764.27 (1000=2 Jan 1985) Dollar warrant market value $1,068,760,000

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio (%)
AICA KOGYO 17/8/90	54.50	56.00	805	24.75	2.71	18.50
AJINOMOTO 3/12/90	54.50	56.00	1,500	12.70	2.69	36.88
AOKI CORP 6/3/91	34.00	35.50	735	41.17	2.73	−4.35
BEST DENKI 22/3/91	39.00	40.50	1,610	33.78	2.60	4.91
CASIO COMPUTERS 6/3/89	68.00	69.50	1,490	16.61	2.46	40.78
C. ITOH (NEW) 4/5/89	69.00	70.50	457	5.43	2.65	60.37
C. ITOH (OLD) 20/1/87	72.00	78.00	457	8.73	2.45	59.78
DOWA MINING 20/7/90	21.50	23.00	535	67.88	4.05	−40.19
FUJIKURA CABLE (Old) 28/4/89	42.00	43.50	420	24.10	3.13	10.70
FUJIKURA CABLE (New)20/2/91	47.50	49.00	420	30.67	2.43	12.48
FUJITA 20/3/91	52.50	54.00	605	24.39	2.30	23.66
FUJITSU 31/1/91	36.50	38.00	999	39.35	2.73	−2.75
GUNZE LTD 23/11/90	46.50	48.00	775	18.19	2.88	25.65
HANWA 14/3/91	29.50	31.00	848	24.89	3.40	4.73
HAZAMA GUMI 1/11/89	28.50	30.00	415	37.96	4.06	−16.09
JAPAN SYN RUBBER 28/4/89	29.00	30.50	418	31.99	3.88	−7.36
JUSCO 22/12/88	235.00	240.00	1,400	8.64	1.43	210.26
KAYABA INDS 15/2/89	45.50	47.00	326	15.60	3.27	22.99
KOBE STEEL 23/1/91	34.00	35.50	180	32.81	3.15	−1.24
KOKUSAI KOGYO 19/9/90	89.50	61.00	2,200	26.75	2.54	19.47
KOMORI PRINTING 20/12/89	57.00	58.50	2,420	20.54	2.78	26.09
MARUBENI 30/9/92	25.50	27.00	333	38.04	4.34	−17.61
MARUZEN 12/2/90	82.00	83.50	805	4.12	2.63	74.48
MINEBEA ($) 20/2/89	60.00	64.00	670	89.23	1.80	−15.62
MIT CHEMICAL 20/1/87	142.00	145.00	630	9.69	1.69	122.05
MIT CORP (NEW) 26/4/94	34.00	35.50	724	38.03	2.77	−1.90
MIT CORP 7/11/88	66.50	68.00	724	4.92	2.79	58.66
MIT ESTATES 16/10/92	96.50	98.00	1,860	7.20	2.09	83.24
MIT GAS & CHEM 20/3/89	41.50	43.00	378	15.92	3.37	19.93
MIT HEAVY & IND 29/1/91	34.00	35.50	385	30.32	3.11	2.01
MIT METAL (OLD) 10/2/89	100.00	104.00	570	47.22	1.53	38.84
MIT METAL (NEW) 10/11/89	23.50	25.00	570	45.65	4.38	−24.96
MITSUI E/S (NEW) 16/10/88	15.50	17.00	138	37.66	6.28	−23.22
MITSUI E/S (OLD) 10/12/87	21.00	23.00	138	22.34	5.79	−6.76
MITSUI PETRO 15/2/90	82.00	85.00	605	−0.05	2.69	86.13
NIPPON MINING (OLD) 17/3/89	103.00	107.00	455	17.34	1.85	72.86
NIPPON MINING (NEW) 15/6/90	38.50	40.00	455	34.91	3.33	−5.43
NIPPON OIL 5/3/91	39.00	40.50	961	33.06	2.62	5.41
NIPPON YUSEN KK 18/10/90	44.00	45.50	419	19.56	3.06	18.27
NISSHO IWAI 1/2/89	56.50	58.00	376	7.55	3.02	44.77
NOMURA SECS 31/10/88	192.00	194.00	1,830	−4.55	1.75	209.42
OHBAYASHI GUMI 5/4/89	165.00	170.00	570	0.97	1.72	167.17
OMRON TATEISHI (Old)31/3/89	20.50	22.00	1,500	78.52	3.73	−42.52
OMRON TATEISHI (New)20/3/91	39.00	40.50	1,500	32.24	2.64	6.05
ONODA CEMENT 28/2/90	57.50	59.00	410	21.09	2.86	23.44
OPTEC DAI-ICHI 23/2/90	40.00	41.50	875	19.65	3.76	10.87
OSAKA TRANS 29/1/90	59.50	61.00	576	27.43	2.61	17.39
PASCO 16/3/91	33.00	34.50	1,030	39.17	2.80	−3.38
RENOWN (OLD) 24/1/89	41.00	42.50	867	19.30	3.41	14.54
RENOWN (NEW) 14/3/91	38.00	39.50	867	30.00	2.73	−7.10
RESTAURANT SEIBU 1/4/91	48.00	49.50	2,480	35.72	2.23	−10.03
RICOH 20/9/90	48.50	50.00	920	32.63	2.80	4.27
RYOBI LTD 25/5/90	44.00	46.50	410	34.62	3.02	−2.01
SEINO TRANSPORT 17/3/89	58.50	60.00	1,560	8.54	2.82	45.55
SEIYU STORES 20/3/87	141.00	146.00	1,220	9.38	1.73	121.48
SEKISUI CHEM 20/9/90	95.00	96.50	820	7.42	2.24	80.45
SONY CORP 26/4/90	35.50	37.00	3,850	46.32	3.31	−19.67
SUMI CONSTRUCT 24/3/89	120.00	124.00	348	10.64	1.82	99.92
SUMI CORP 24/1/91	42.50	44.00	760	30.98	2.73	6.80
SUMI HEAVY 24/2/89	30.00	31.50	227	20.39	4.25	3.54
SUMI REALTY (OLD) 21/11/89	212.00	217.00	1,400	−12.54	1.87	267.76
SUMI REALTY (NEW) 13/12/90	80.00	81.50	1,400	12.57	2.12	59.73
TATEHO CHEM 16/1/91	42.00	43.50	2,340	58.93	2.27	−14.57
TOKYO ELECTRIC 14/3/89	33.00	34.50	1,230	43.98	3.32	−15.81
TOKYO SANYO 8/6/87	161.00	166.00	560	74.04	1.04	37.69
TOKYU CONSTRUCT 16/3/91	39.50	41.00	525	41.44	2.45	−0.57
TOKYU CORP (OLD)) 29/1/90	210.00	215.00	843	−2.83	1.71	225.41
TOKYU CORP (NEW) 29/10/90	69.50	71.00	843	15.23	2.35	46.64
TOKYU DEPT STORES 20/7/90	88.50	90.00	730	13.78	2.24	62.28
TORAY INDS (OLD) 5/3/87	37.50	39.00	540	8.25	4.00	26.13
TORAY INDS (NEW) 10/12/90	37.00	38.50	540	32.25	2.98	1.69
TOYO ENGINEERING 28/2/89	62.00	55.00	686	39.59	2.41	2.46
YAMAMURA GLASS 8/5/90	23.50	25.00	425	41.99	4.61	−23.41
YAMATO KOGYO 29/1/90	28.50	30.00	561	33.62	4.29	−13.37
MINEBEA (E) 15/3/90	42.00	46.00	670	48.44	2.15	−1.92

Reuters Monitor DABF/G/H/I/J/K — Further information from: Freddy Glock or Beverly Kelly on 01-236 6060
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

EEC body to investigate proposed Guinness merger

BY PAUL CHEESERIGHT AND DAVID GOODHART

THE EUROPEAN Commission has agreed to formally investigate the possible £2.7bn merger between Guinness and Distillers following a complaint to the Commission's competition directorate from Argyll Group, the rival bidder for Distillers.

Argyll has already claimed in the Court of Session in Edinburgh that the Guinness bid is an infringement of the EEC's competition rules but the company was not granted an interim injunction.

That court case will still go ahead in several months time but in order to maximise the uncertainty surrounding the rival offer for Distillers, Argyll has decided to involve the Commission too.

The authorities in Brussels, who are undertstood to be a little unhappy at being drawn into the takeover arena, will be looking at Distillers-Guinness production and marketing in the EEC but their report is unlikely to be completed for at least six months. The battle for Distillers closes on April 18.

If Guinness does win and the Commission then finds against the merger it could face a fine of up to 10 per cent of turnover for the period when the infringement took place or for the last financial year. The Commission could also order the merger to be unwound, although there is no precedent or this and the EEC's precise powers remain unclear.

The abuse of a dominant position in the UK market is a matter for the UK authorities and they have permitted the bid after steps were taken to reduce the combined shar of th UK scotch whisky markt from 35 to under 25 per cent.

Guinness's share valuation of Distillers remained marginally ahead of Argyll's yesterday. But after Argyll rose 15p to close at 373p and Guinness rose 7p to close at 347p the difference between the bids was only about 15p.

Demand at Watts Blake showing progress

BOLSTERED BY a £214,000 increase in short-term deposit interest and investment income, Watts Blake Bearne and Co saw its profits for 1985 improve by £368,000 to £4.62m pre-tax.

Turnover totalled £28.29m, against £27.75m for the previous year—the Devon-based group is an extractor, processor and seller of ball and china clays.

Although production and shipping in the first quarter of the current year were hampered by a long spell of severe weather, demand for the group's clays was more encouraging and the directors view the prospects for 1986 with confidence.

Earnings for the year under review emerged at 13.61p (11.46p) after tax of £1.6m (£1.77m) and a final dividend of 3.125p makes a net total of 4.6p, compared with an adjusted 4.083p.

Ball clay sales in the home market increased due to strong demand. However, this improvement was balanced by a disappointing level of sales to the group's main European markets

China clay sales were adversely affected by a sharp fall in demand fro mthe UK fertiliser industry. Sales to the ceramics industry were generally firm, but strong price competition affected sales of filler grades to the paper industry.

English China Clays holds a near 21 per cent stake in the group.

Triplevest

Triplevest reports net asset value per £1 capital share of £12.94 as at February 28 1986 against £10.80 a year before. For the year to the end of February gross income was £4.34m (£3.73m), with net revenue of £2.66m (£2.24m). Dividend is 11.066p (9.352p) with a final of 5.375p (4.603p)

Paper side lifts Portals to £22m

Portals Holdings made further good progress through the second six months of 1985 and for the full year raised its profits by £4.49m to £22.04m pre-tax.

Furthermore, the directors say prospects for 1986 are favourable and that it is their belief that the group will be able to improve on its profits.

Demand for the papermaking and engineering divisions remains healthy and both have strong order books.

In the past year papermaking surged by £5.14m to £11.42m, easily offsetting a £2.17m downturn by the water treatment activities to £8.5m. Engineering improved to £1.11m (£551,000) and property to £1.47m (£1.32m).

Turnover improved by 18.9 per cent to £239.89m, with the papermaking contribution ahead by £26m to £80m.

Tax accounted for £9.23m (£8.61m) to leave earnings per 25p share at 69.73p (48.35p) basic and at 63.42p (45p) fully diluted.

The final dividend is being lifted by 2.5p to 14.5p which makes a net total of 22p, compared with 18.5p. A scrip issue on a two-for-one basis is also proposed.

At year-end the group balance sheet showed a strong liquid position of net and cash deposits amounting to £18.27m, an increase over the year of £12.07m.

The improvement in papermaking reflected a strong order book, substantial capital investment over the past three years and the elimination of US operational losses. The fall by water treatment was due to lower margins from strong international competition.

● **comment**

The pent-up demand for banknotes in the Third World continued to keep Portals' papermaking division busy in the second half — though not in the US, where the group finally threw in the towel and wrote-off its unsuccessful venture with an extraordinary debit. With the rest of the division's mills working at close to full capacity, higher margins on higher sales easily outweighed the downturn in the water treatment division, which suffered low margins amid intense competition. In the current year the group calculates that it can extract higher profits yet from its mills in the face of buoyant demand, while on the water treatment side a new management team in the US is helping to throw the decline into reverse. With at least £25m in sight on a tax charge falling from 42 per cent to 36 per cent, the fully-diluted earnings deliver an undemanding multiple of 10 at 810p.

BOARD MEETINGS

TODAY

Interims: Ulster Television.

Finals: Conder, Connells Estate Agents, Eastern Produce, Laidlaw, Photax (London), Reabrook, Richards (Leicester), Squirrel Horn.

FUTURE DATES

Interims:—

Chrysalis	April 18
Govett Strategic Inv Trust	April 18
New Australia Inv Trust	April 22
Wade Potteries	April 16

Finals:—

Brewmaker	April 17
Brit ±Empire Secs & Gen Trust	April 17
Govett Oriental Inv Trust	April 18
Smaller Companies Inv Trust	April 17
United Ceramic Distributors	April 18

Static 12 months for Kalon

Kalen Group, the West Yorkshire paint maker which withdrew last October from the bidding for Dufay Bitumastic, the industrial coatings concern, returned pre-tax profits of £2.79m in 1985, compared with the previous year's £2.9m which included £322,000 from discontinued operations.

Turnover for the 12 months improved from £69.26m to £80.28m. Cost of sales accounted for £52.39m (£45.79m), distribution and selling costs for £18.46m (£14.69m) and administration expenses for £5.24m (£5.18m).

Pre-tax profits were after taking account of other operating income of £256,000 (£148,000), an £81,000 share of related companies losses (£4,000 profits) and interest charges of £1.58m (£1.17m).

Tax took £1.1m (£1.34m) and extraordinary items £684,000 (£1.03m). Earnings per 15p share edged ahead from 1.3p to 1.4p. A special interim dividend of 0.8p net was paid in February for the year in lieu of a final.

Kalon, one of the UK's few consistently successful independent paint makers, came to the stock market in June 1985 via a reversal into troubled Leyland Paint and Wallpaper.

The group withdrew its offer for Dufay following an announcement that British Tar Products had bought a 24.1 per cent stake in Dufay. Although Kalon thought there would be benefits from a merger with Dufay it did not believe that an offer higher than the one it had already made (£9.3m) could be justified on commercial or financial grounds.

● **comment**

Kalon's first year on the stock market has been a disappointment to both the company and to shareholders. It came to the market on an astounding historic p/e of 23, as it was argued that as soon as Leyland Paint was turned from a loss maker into a positive contributor to the group, the rating would be appropriate to an unglamorous paint maker. But the Leyland turnaround, scheduled for this year has not happened—indeed the loss has deepened, leaving the shares still looking ridiculous on any historic reading. However, Kalon insists that it has now taken firm action, and is confident that all will come right in the current year. Meanwhile, the rest of its business has done well to increase profits and margins in a difficult paint market hit by huge rises in costs, and is increasing its market share. If, as the market seems to believe, Leyland's losses are in the past the shares at 32p are on an appropriate p/e of 10 assuming pre-tax profits for the group of £5.7m.

Mowlem lifts dividend to 14p

ALL-ROUND improvement has pushed the pre-tax profit of John Mowlem to £13.1m in 1985. This compares with £11.1m published, or £10.6m adjusted for newly adopted average exchange rate conversion. A final dividend of 10p lifts the net total from 11.98p to 14p.

Buehler International experienced growth in turnover and profits both in the US and from its UK subsidiaries. A 24 per cent interest in this company was floated in the US last December.

Property developments' contribution rose to some £4m. A substantial amount came from the sale to Tesco of the first phase of land at the Hatfield site.

In UK contracting activities the slim margins available have been enhanced by interest earnings to give a satisfactory return on capital. Particularly encouraging is the progress made in management contracting.

The international division continues to perform well on its contracts in the Falklands and Diego Garcia.

Turnover for 1985 was £414m (£380m adjusted) and the operating profit £10.1m (£10.6m). After tax £5.4m (£3.8m) the net profit was £7.7m (£6.8m) for earnings of 30.2p (26.7p).

Cash flow in 1985 was strong and resulted in net liquidity of £28m at the year-end. The cash element of the Alfred Booth acquisition (which puts the group into private house building), together with the assumption of its borrowings and planned expansion, will put these resources to work more effectively.

"Future trading prospects are most encouraging." At the end of February forward order book stood at £476m, up 30 per cent on 12 months ago.

● **comment**

In spite of a somewhat sluggish look to the operating profit, where the technology side's strong 30 per cent rise and an extra £1m from property to £4m was offset by a small setback in the contribution from contracting, the result is actually quite impressive. To an extent contracting is run to generate cash. When pitching tenders the cash flow and how it can be used is part and parcel of the pricing and the sharp jump in investment income to produce the overall 24 per cent pre-tax advance should in fairness be taken in with the contracting profits. The quality of contracting work is improving and an extra 1 per cent on margins which might be obtained could make quite a difference in 1986. Both will make its maiden contribution and clean of financing costs the profits line should see an extra £3m from there, encouraging the market to talk of £18m for the year. That drops the p/e to around 11 at 412p—an attractive rating given the more positive feel to the contracting sector.

UK COMPANY NEWS

RTZ matches forecast with £236m

BY KENNETH MARSTON, MINING EDITOR

Rio Tinto-Zinc Corporation, the UK-based international mining, energy and industrial group has fully matched forecasts with a 1985 net profit of £236m, or 76.1p per share, up from a restated £215.5m for 1984. The final dividend is raised to 15p, making a net total of 22p against 20p.

The latest profit is struck before providing £35m to cover the possible writing-off and closure of the Cornish tin mines as a result of the weakness in tin prices which has followed the collapse of the International Tin Agreement.

In a year when major fluctuations were seen in international exchange rates, RTZ's earnings from the energy sector—oil, coal and uranium—advanced to £92m from £60m.

This offset the effects of a fall of 23 per cent to £63m in earnings of the metals side of the business and a 14 per cent drop to £144m in those of the industrial operations, which were hit by difficult trading conditions and the strength of sterling.

As far as the outlook for this year is concerned, RTZ expects a change in this picture. Energy earnings are expected to be "considerably reduced" by lower oil prices, although the fall will be cushioned to some extent by lower exploration and operating costs.

The industrial earnings, on the other hand, have begun to improve and these activities together with the metals side of the business, should benefit from increased economic activity resulting from lower energy prices.

Metal markets were generally weak last year, notably aluminium which contributed only £4.4m to group attributable profits, compared with £23.8m in 1984.

Low prices for lead and zinc produced a loss of £4.2m against a profit of £12.7m, while steel profits dropped to £3m from £7m and tin income fell to £1m from £3.6m following the collapse of the metal price.

See Lex

Burmah's sale and figures please market

BY DOMINIC LAWSON

SHARES IN Burmah Oil rose 27p yesterday to the year's high of 364p after the company announced net taxed profits up by 43 cent at £52.1m.

The market's pleasure was not so much at the results, which were much in line with expectations, but at the sale of the company's loss-making Bahamas oil terminal operations.

Burmah received $1m on completion of the sale and may gain a further $10m, depending on future throughput at the terminal.

An extraordinary loss of £31m in relation to the disposal will be taken in the 1985 accounts, but oil analysts had feared the sale could have led to much larger write-offs.

Last year Burmah's key lubricants and fuels business made £66m pre-tax, but the fall from the previous £68.8m was due to the effects of the decline in the dollar.

Burmah's oil and gas exploration and production business saw profits reduced from £13.4m to £12.3m, but this was made up for by a £1m jump in profits from the company's liquid natural gas and tanker division to £14.1m.

In the wake of the collapse in oil prices Burmah is to cut its budgeted exploration expenditure by at least 50 per cent to about £13m in 1986 and is to reduce its staff in its exploration and production division by two-thirds.

After paying petroleum revenue tax, but before corporation tax, Burmah made a £79.6m profit, well up on the previous year's £65.4m. This showed the benefits of an interest bill down by more than £6m at £22.1m.

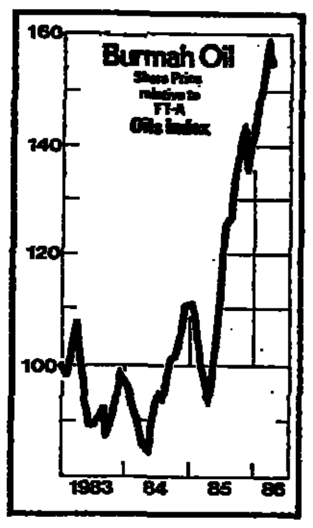
Net borrowings have been cut to £104m, with net gearing at 30 per cent, compared with 41 per cent in 1984.

The company said its Castrol business should benefit from 1986's lower oil prices, although there will be a reduction in its oil production profits.

A final dividend of 8.25p per share is recommended, increasing the total 1985 payout by 18.5 per cent to 12.75p per share. Earnings per share increased from 24p to 35p.

With its improved financial position, the company will be able to maintain an active investment programme in its principal businesses.

See Lex



Hewden-Stuart expands 14%

Hewden-Stuart Plant, Glasgow-based plant hirer, raised pre-tax profits by 14 per cent from £6.35m to £7.22m in the year ended February 2 1986. Turnover improved to £108.2m, against £103.8m for the previous 53 weeks.

The directors say profits were substantially ahead of earlier estimates despite last summer's bad weather conditions which severely disrupted certain of the group's activities in the north. However, the disruption in those areas was more than compensated for by improved trading elsewhere, though returns from the crane hire division remained very disappointing in the face of a continued surplus of machines.

The current year has started well

The dividend is being raised from 1.525p to 1.7p net with a final of 1.125p. Earnings per 10p share were 5.68p (4.57p) basic or 5.2p (4.33p) fully diluted. Tax charges was £1.98m (£1.85m).

● comment

Hewden-Stuart has confounded even its own board's second half outlook by coming in £½m ahead of forecasts and the shares have gained 10p to 66p as a result—not a bad 25th anniversary present for two merged one-man businesses. While those locked-in to term hire contracts for digging, scraping and lifting machinery have had a hard time, Hewden's position as a supplier of last resort has been strengthening. Return on capital employed remains erratic and while the UK expansion into unmanned plant, plus portable accommodation hire seems set to continue more could still be done to improve returns. Also something has to depend on BET's ability to capitalise on its Sparrow takeover—any fumbling by BET will be to Hewden's advantage as it would help to contain falls in returns on the diminishing crane hire side. Forecasts of £9m pre-tax have the shares on a prospective p/e of 10. Hewden's results are very tied to the overall performance of the economy and perhaps the shares therefore deserve a rating closer to the market's prospective of 14.

Approach to Boosey & Hawkes

Boosey and Hawkes, the largest maker of musical instruments in Europe, has received an approach from a mystery bidder.

Reacting to a 40p jump in the company's share price on Wednesday Morgan Grenfell, Boosey and Hawkes merchant bank, confirmed that a "tentative bid approach" had been made. Yesterday the shares rose a further 15p to 200p, to value the company at about £8m.

Mr Stephen Badger of Morgan Grenfell said that the approach was subject to a number of stringent pre-conditions, and that a formal bid might never be made.

Share Drug rights to fund expansion

By Alice Rawsthorn

THE CUT-PRICE pharmaceuticals and toiletries retailer Share Drug, which unveiled a 42 per cent increase in pre-tax profits to £815,000 yesterday, is asking shareholders for £4.3m through a rights issue to fund further expansion.

In the course of the current financial year Share Drug, which is quoted on the USM, has already opened 11 new stores. An additional 14 will open by the end of the year, and the company envisages a similar expansion policy for 1986-87. Share Drug is already well represented in the south of England, but plans to expand into the Midlands and the north.

The issue, which has been underwritten, will allocate one new share of 265p for every six ordinary shares held. Yesterday, Share Drug's shares rose by 2p to 308p.

The Prince family, which holds 76 per cent of the company's equity, will not take up the shares under the rights issue.

In the six months to March 1 Share Drug increased turnover by 62 per cent to £17.05m. Operating profits rose by 59 per cent to £950,000, but the company's borrowings have risen during the financial year — gearing began the year at 30 per cent and has since grown to 50 per cent — and interest payments whittled pre-tax profit down to £851,000, producing an increase of 42 per cent.

Share Drug will pay an interim dividend of 0.9p, compared to 0.7p previously.

● comment

When Share Drug first came to the market 18 months ago, the City murmured about Superdrug clones and muttered darkly that drug stores would never last. The company has since confounded the sceptics and the shares have more than doubled since the flotation to 300p yesterday. Thus far Share Drug's policy of rapid expansion seems to have paid off. New stores produced 40 per cent of these interim profits, while existing units sported real growth of nine per cent. Share Drug styles itself as a paradigm for retailing economies of scale. The more stores it opens the faster overheads are mopped up and the keener buying power becomes. The long term policy is to increase sales of own-label products and thus benefit from their plumper margins. Own label lapped up 26 per cent of sales at the beginning of the financial year and should absorb 28 per cent by the end. These interim figures were bang on target and the City expects profits of £2m, producing a p/e of 21.5, for the full year. With the rights issue behind it Share Drug is poised for further expansion into the north where costs may be keener, but competition is less acute.

Cookson hits £68m and encouraged by outlook

THE Cookson Group, which has expanded rapidly in the US and recently in the UK via a £45m take over of Frank Horsell, raised 1985 profits by 29 per cent and has made a reasonable start to 1986.

The directors say current trends are encouraging and add that the outlook has been improved by lower energy and raw material costs—the group's interests are in metals and industrial chemicals.

Sales for 1985 pushed ahead from £763.8m to £867.3m and at the pre-tax level profits rose by £15.3m to £67.6m.

Earnings advanced from 35.7p to 36.3p and a final dividend of 5.35p raises the net total from an adjusted 6.25p to 7.75p per 50p share.

In the UK, the Cookson Fry division had a successful year and there was also an improvement in the ceramics and antimony sector. The more difficult area was the materials division, which was affected by depressed metal prices.

In the rest of Europe profits were maintained and South Africa achieved a recovery to a more satisfactory level.

Group pre-tax profits for 1985 took in a £50m (£32.3m) share of the related companies figures and were after interest charges which rose by £1.9m to £20.5m.

Tax accounted for £21.7m (£12.4m) and minorities for £1m (£0.8m). Extraordinary debits amounted to £2.1m (£8m) and after additional depreciation of £5.6m (£4.9m) and dividends of £10.6m (£7.6m) there was a retained balance of £26.6m, compared with £23.6m.

Comparative figures have been adjusted by using average exchange rates instead of those ruling at year-end.

● comment

Cookson has built itself such a reputation for beating forecasts that the disappointment was all the more severe when pre-tax profits turned out only 29 per cent ahead. Hopes had been for £70m to £75m and the shares fell 27p to 520p. The main problem was the North American business where profits fell sharply in the second half even in dollar terms. Around 45 per cent of Cookson's sales go to the suffering electronics industry. The current year has seen some improvement. Tioxide, the company jointly owned with ICI, produced the best result with Cookson's share of profits up from £24.6m to £42.9m, nearly two-thirds of Cookson's total. More growth is expected this year, though long term shareholders will remember the problems with titanium dioxide a few years ago. This year should also see a significant benefit from lower tin prices, as Cookson uses about 15,000 tonnes of tin a year, out of worldwide consumption of less than 200,000 tonnes. Again analysts are looking for a good increase in profits with suggestions of £85m pre-tax, to give a prospective p/e ratio of 13. The shares' recent strong performance has probably ended for a while.

John Laing house sales soar

A SUBSTANTIAL rise in house sales has offset a disappointing year in gas distribution and heavy computer development costs in the John Laing group in 1985, and enable it to lift its pre-tax profit from £30.3m to £34.13m.

Earnings are ahead from 31.5p to 35.8p, and the dividend is raised by 1p to 7p net per share, the final being 5p.

However, this year's below-the-line profit is hit by an extraordinary charge of nearly £7m relating to the winding up of Laing Wimpey Alireza in Saudi Arabia.

The UK homes business sold 2,240 units, compared with 1,500 in 1984. The land bank has been built up to provide a solid base for expansion; in the US sales have started from the first sites in southern California and this should contribute to profits from 1986.

Turnover in 1985 came to £817m (£804m) and trading surplus to £28.45m (£24.02m). The latter was split as to building and engineering £12m (£12.3m); homes £13.54m (£8.5m); property development £71,000 (loss £32,000); products and other trading £514,000 (£1.69m); computer development costs £2.6m (nil); overseas £4.93m (£1.54m).

The group is currently upgrading its information technology in order to consolidate and improve operating efficiency. Because the costs are so substantial they are identified separately in the trading analysis.

As to the immediate future, the directors say most markets remain competitive, although the current buoyancy in the housing sector is likely to continue at least during 1986.

Net cash balances at the year-end were £64m, after £39m invested during the year in land for homes and property development.

● comment

Laing's 1985 profits by division were so much better than brokers' estimates that it is little surprise that the market discovered fresh enthusiasm for the shares after their recent strong run, and the price rose another 17p to 415p. However, a closer glance takes some of the magic out of the numbers, leaving them good rather than spectacular. Laing has opted to take the full Saudi Arabian loss as an extraordinary item, allowing it to present a whacking above the line overseas profit. Meanwhile, by quantifying computer costs separately, the reported profits from each major division naturally come out higher than expected. That said, housing profits were excellent on any reading, as was the non-Saudi overseas contribution (although the company will not say how much of this related to a single contract). Otherwise Laing predictably has been holding its own in a construction market that was hostile. However, further advances from housing and the first of the big property profits should mean a pre-tax total this year of £36m, which puts the shares on a prospective p/e of 10.

F. Cooper plunges into the red

Frederick Cooper, which has recently made some sweeping boardroom changes, yesterday revealed that its results for the six months to end-January have had to bear both heavy exceptional and extraordinary debits, resulting in an attributable loss of £1.21m against a £207,000 profit.

The group, now chaired by Mr E. B. Kirk following the resignation of Mr F. R. Cooper, says that the review of trading and assets has highlighted both problems and opportunities which are being vigorously pursued.

Mr Kirk says management weaknesses have been addressed and he is aiming to strengthen the board, although it will be restricted to a more appropriate size. Other resignations included Mr T. A. Bradbury, the managing director, Mr S. W. Cox, Mr G. A. Cooper and Lord Brookeborough.

Turnover of this steel processor for the first half of 1985-86 fell from £10.68m to £8.86m and produced a pre-tax loss of £647,000 (profit £225,000) after an exceptional debit of £335,000. There is no interim dividend (0.55p).

The exceptional item took account of losses arising from discontinued operations of £174,000; stock write-downs of £228,000; termination of employment contracts and redundancy payments totalling £92,000; property sale loss of £34,000; other £21,000; and pension fund recovery of £194,000.

There was no tax (£18,000) but there was a £561,000 extraordinary charge. This was for a £195,000 loss from the sale of Malthouse Engineering; a £192,000 provision for dilapidations on the Northgate property leasehold; closure costs of £104,000 for CHN and CHN Inc; and a £70,000 write-off of investment in discontinued trading activities at Cooper Technical Components.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
William Baird	11.72	July 1	10.5	19.42	17.5
Bemrose Corpn	4	May 23	1	5	5.4
British Dredging	2	May 23	1.5	3	2.5
Burmah Oil	8.25	July 1	7.25	12.75	10.75
Cookson Group	5.35†	—	4.13	7.75	6.25*
Fred Cooper ...int	nil	—	0.55	—	1.1
Dowding & Mills ...int	0.58	May 16	0.53*	—	1.4*
Evered	2.25	July 2	1.6	3.5†	2.3
Fothergill & Harvey	6	*May 30*	5.5	8.75	8.25
Grosvenor Group ...int	nil	—	2.25	—	5.75
Hewden-Stuart Plant	1.13	July 10	1	1.7	1.53
Laidlaw Group	1.7‡	June 4	1.4	2.8	2.5
John Laing	5	—	4.25	7	6
Lec Refrigeration	8.5	May 17	8.5	12.5	12.5
Ronald Martin	0.5‡	July 1	—	0.5	—
Moorgate Group	1.4‡	May 31	—	1.4	—
John Mowlem	10	July 1	9.78	14	11.93
Municipal Props	12.1	—	11	12.1	11
Oilfield Inspection	1‡	May 28	1	2	1
Portals	14.5	July 1	12	22	18.5
Raybeck	nil	—	0.25	0.5	0.25
Rio Tinto	15	July 1	13.5	22	20
Ruberoid	6.4	May 19	5.6	8.6	7.8
Senior Engineering	*0.88*	*June 3*	*0.75*	1.7	1.5
Share Drug ...int	0.9	June 2	0.7	—	1.8
Simon Engng	6	July 1	5.5	8.5	8*
Triplevest	5.38	Apr 30	4.6	11.07	9.35
Watts Blake	3.13	July 7	2.71*	4.6	4.08*

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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Raybeck £57,000 in black at year end

Raybeck, the fashion clothing manufacturer and retailer which last month announced proposals for a novel £21.6m management buy-out, made a small pre-tax profit of £57,000 in the year ended January 25, 1986. This compared with a £1.17m loss previously.

The result benefited from higher profits of £1.7m (£1.13m) on property transactions and a sharp reduction in net interest payable from £739,000 to £55,000.

At the trading level, losses were similar at £1.59m, against £1.55m, although continuing activities showed a profits increase from £1.58m to £1.97m; discontinued operations incurred losses of £3.56m (£3.13m).

The offer for Raybeck is the first buy-out at a quoted UK company to be launched by managers of group subsidiaries rather than members of the main board.

The team is led by Mr Alan Devine, managing director of Raybeck's principal subsidiary, Berkertex, and Mr Barry Waterman, financial controller of Raybeck. The buyout is backed by a group of institutional investors.

One of the conditions of the offer is that Raybeck pays no further ordinary dividends and accordingly, there is no final. An interim of 0.5p therefore compares with the previous year's 0.25p single final payment.

Stated losses per 10p share were reduced from 3.76p to 1.26p.

Tax charge was £146,000 (£163,000 credit), but there was an extraordinary credit this time of £162,000 (£1.15m debit). This comprised net profits of £562,000 on disposal of businesses, less tax adjustments arising from reallocation of allowances and reliefs.

Senior Engineering soars and more growth seen

DESPITE the effects of significant losses in the US and by one UK company the Senior Engineering Group ended the 1985 year showing a pre-tax profits gain of 80.5 per cent.

The directors say the early months of 1986 have started well in most areas and in the light engineering sector, which was affected in 1985 by the miners' strike, a definite improvement is showing through as a result of a revival of business from the coal mining industry.

They add that additional benefits will flow from the elimination of the losses of the UK company, which has now ceased trading, and from the eventual resolution of the US problems.

Turnover for 1985 improved from £100.73m to £103.68m and pre-tax profits from £2.87m to £5.18m. Exceptional provisions were cut to £346,000 (£616,000) and interest charges to £1.58m (£2.53m).

Tax accounted for £1.65m (£707,000) and there were extraordinary charges this time of £242,000, being the costs relating to the closure of a UK subsidiary. Retained profits emerged at £1.61m, against a previous £686,000.

Earnings moved ahead by 1.89p to 3.58p, pre-extraordinary items, and a final dividend of 0.875p makes a net total of 1.7p, up from 1.5p.

At year-end net borrowings were £8.2m, a reduction of £10.8m.

The directors will continue to search for companies and products which will enhance the existing operations and improve future profitability.

● comment

Senior's new management has been busy uprooting dead trees —but with some immediate damage to profits. Loss-making Green Site Service, which provided on-site services to power stations, has been shut cutting profits by £600,000. Management consultants have been crawling over other parts of the business clearing out the over-manning at a cost of £846,000 to exceptional items—virtually equal to their own fees. So there is at least £1.3m of expenses that will not be repeated in 1986. But there remains one giant redwood to be tackled in the US; Penn Machine lost Senior £500,000 last year undoing all the improvements by other US operations. Penn was still losing money in the latest quarter but it should be close to break-even by the half year. Then its long term future must be addressed. The new executive is only interested in developing companies that can produce a decent return and adding to them by acquisition. A small deal will come today. Assuming Penn's losses are stemmed £7m seems a fair minimum target for 1986 for a prospective p/e of 9 at 41½p. If one of the engineering sector's glamour boys had moved profits from a depressed £2.9m to over £7m within two years the p/e might be double that.

Grosvenor Group restructure

Grosvenor Group, engaged in electronics and engineering, ran up a loss of £187,000 pre-tax in the opening six months and is embarking on a restructuring programme.

Plan is to form three profitable core companies, namely Floform, Lock and Eterna, and to sell some of the remaining setups. The loss-makers will be sold.

The directors' aim is to achieve a reduction in the group's level of debt.

Agreement has been reached in principle for the sale of the majority shareholding in Backer Electric for cash. It is pointed out that this disposal will have a marked and positive effect upon the overall level of group gearing.

In addition, an offer has been received for Peercrown Properties and completion is being sought by year-end. The position of RPI is being reviewed.

The directors estimate that the two disposals will reduce group debt by some £4m.

A decision has also been taken to strengthen the board by the appointment of a new managing director, 35-year-old Mr Peter Davis, formerly with Bain and Company and before that Hambros Bank.

Mr Chamberlayne-Macdonald, the chairman, is stepping down and his successor will be Mr Gordon Hazzard, at present deputy chairman. Mr Macdonald remains a director.

The loss for the first six months (to December 31 1985) compares with previous profits of £449,000. The interim dividend is being passed—2.25p net was paid last time.

Turnover expanded from £15.98m to £17.64m, with the contribution from continuing operations at £9.33m, against £7.8m.

Loss per 25p share emerged at 3.05p (4.64p earnings). There were minorities of £3,000 (£41,000) and extraordinary provisions of £377,000 (£33,000).

COMPANY NEWS IN BRIEF

STAINLESS METALCRAFT has acquired a 35.2 per cent interest in Arranwood, the holding company of the Ferraris group of medical instrument manufacturers. Consideration was £233,125 paid in cash.

LANGDON INDUSTRIES' management, headed by Mr Michael Donoghue, has acquired the road haulage, storage and distribution business based in Taunton and Bristol, from Tozer Kemsley & Millbourn (Holdings). The company, which was advised by the English Trust, has an annual turnover of some £4m.

SUTER'S offer for UKO International has been accepted by holders of 10.07m shares (71.7 per cent). This, together with 2.1m shares already held, gives Suter 86.6 per cent of the equity. Acceptances of the cash alternative were received in respect of 60,651 UKO shares. The share offer has become unconditional in all respects but remains open until further notice. The cash alternative offer has closed.

WACE shareholders have approved the acquisition of Bulls Frieson, the South London-based printer, in a deal valued at not less than £300,000 which will be satisfied by a share placing. Wace is a graphic printer.

EXPAMET International has acquired Hoseworth, maker and installer of fire alarm and security systems, as a further step in its planned move into the security sector. Expamet will pay £1.16m cash, payment of which is deferred to a date not less than 12 months after completion and ending 60 months after completion.

FEDERATED HOUSING annual meeting told that sales in recent weeks had been buoyant with in excess of 40 per cent of units planned for the current year already sold. Turnover for first half of 1986 was expected to be over 50 per cent higher.

PERRY GROUP, Ford main dealer and estate agent, is purchasing the London Road, Hadleigh and High Street, Rayleigh offices of the House Purchase Centre, bringing the number of its offices in Essex to 10. Total consideration (other than debtors) is £267,000 to be satisfied as to £100,000 by the allotment of ordinary shares in Perry and £167,000 by the allotment of 133,600 shares which will be placed by Scrimgeour Vickers with investment institutions at 126⅝p per share.

LEE INTERNATIONAL—The offer for sale of shares in this leading supplier of lighting equipment to the film industry has been nearly twice oversubscribed. After allocating preferential applications in full, the remaining shares will be allocated as follows: applications for between 100 and 300 shares will be allocated in full; applications for 400 shares will get 300; for 500 to 700 will get 400; for 800 to 1,100 will get 500; 1,200 to 2,000 get 600; 2,500 get 800; 3,000 to 18,000 get approximately 33 per cent of the number applied for; 19,000 to 22,000 get 6,000 and applications for over 25,000 get 25 per cent of the number applied for.

British Dredging profits rise 23%

A CUT in net operating expenses has led to British Dredging pushing up its operating profit by 23 per cent in 1985, from £1.05m to £1.29m, after turnover moved ahead 14 per cent to £9.03m.

Net investment income rose to £416,000 (£327,000) and share of losses of unlisted related companies was £53,000 (£22,000), bringing the pre-tax profit to £1.65m, a 22 per cent lift over the previous year's £1.35m.

The dividend is raised to 3p net (2.5p) with a final of 2p. Earnings were 6.2p (5.15p).

The directors report that, despite the severe weather of January and February, the group maintained the performance achieved in the initial two months of 1984, and they are hoping for another successful year.

Balance sheet remains strong with net liquid resources of around £4m.

There are extraordinary credits of £152,000. These comprise profit on disposal of interest in British Dredging-Pioneer Aggregates £66,000, balance consideration for the sale of interest in Pauls Federated Merchants £31,000, less loss of sale of property £51,000, UK tax on sales £25,000, and unrequired tax provision £131,000.

Ronald Martin profit ahead of forecast

Ronald Martin Group, the office equipment and stationery supplier, hoisted pre-tax profits from a restated £385,000 to £904,000 in 1985, which was slightly ahead of the £875,000 forecast last November when the group came to the USM.

Turnover increased from £6.14m to £8.89m. As forecast, there is a final dividend of 0.5p net. Earnings per 10p share rose from 5.5p to 7.4p.

The directors say the company is firmly based and is actively pursuing all opportunities for future growth. In February, Martin announced the £3m acquisition of Nottingham-based Frank Groome.

RMS International, acquired in November, produced record sales of £3.8m.

Laidlaw rises 48%

Laidlaw Group, Edinburgh-based motor dealer, saw pre-tax profits in 1985 improve by 48 per cent from £617,000 to £914,000 on turnover up by 6 per cent to £80.84m against £76.18m.

Earnings per 10p share for this USM-quoted company rose from 7.2p to 8.5p and the directors are proposing a final payment of 1.7p (1.4p) making the total 2.8p against 2.5p.

Directors say the start to the present year has been encouraging and they expect to be able to recommend a further dividend increase.

Sharna Ware

Sharna Ware, the Manchester-based toy manufacturer and cash and carry merchant, suffered losses before tax of £295,000 for 1985, compared with profits of £105,000 in 1984.

The company was £96,000 in the red at midway, against £21,000 profits.

The directors say demand for products in the manufacturing division shows worthwhile improvement on the previous year, and the continuance of this trend, coupled with strict expenditure control, will provide the basis from which to improve profitability.

In the meantime, an unchanged final dividend of 1.5531p net is being paid for a same-again 2.4531. There is a waiver of £48,063 on the final.

Turnover in 1985 rose from £27.52m to £30.59m.

Dowding & Mills

Dowding & Mills, electrical and mechanical engineer, raised pre-tax profits to £2.01m (£1.78m) for the half year to December 31 1985 on sales of £14.55m (£12.43m). Earnings per 10p share were 1.96p (1.67p) and the interim dividend is raised to 0.58p (0.525p adjusted).

Lec Refrigeration

Lec Refrigeration reported profits down by £586,000 in 1985 to £2.77m, in spite of a second-half improvement from £1.22m to £1.45m. The result was achieved on turnover down at £54.18m against the previous year's £54.73m.

From earnings per share of 25.88p (36.41p) a same again dividend of 12.5p is being paid with the recommended final payment unchanged at 8.5p.

Moorgate Group

Pre-tax profits of Moorgate Group reached £440,000 (£257,000) in 1985. Turnover was £9.25m (£5.73m). Earnings rose to 5.4p (3.1p) and the dividend is 1.4p—the company joined the USM a year ago. A conditional agreement has been entered to acquired Money Marketing (Design) for £1.65m in shares.

Bemrose makes strong recovery in second half

Bemrose Corporation, security printing and advertising, promotional and retail products group, made a strong recovery in the second half of 1985.

After a first-half loss of £728,000, the group ended the year to December 28 1985 with a pre-tax profit of £1.62m, against £152,000 previously. This time results were struck after charging exceptional costs of £583,000 in continuing activities and £112,000 in packaging.

Turnover for the year increased to £63.03m (£52.49m) of which £26.01m (£24.91m) was from the packaging businesses now sold. Extraordinary charges of £2.02m arose largely from the sale of these businesses (the final consideration is expected to be about £9.8m).

A final dividend of 4p is recommended for a total of 5p (5.4p) net. Earnings per 25p share were 13.94p (1.22p) before tax charged of £1.01m (£738,000) or 5.19p (5.19p loss) after.

Commenting on the results, Mr David Wigglesworth, chief executive, said that in 1985 Bemrose achieved all its principal objectives

He added that the board was committed to making 1986 a year of real progress. Though profits would again be realised predominantly in the second half, all group operations had made a good start this year.

All the group's continuing activities contributed to the 1985 recovery. In addition to a strong second half performance by security printing, good results came from calendars and diaries, advertising products and transfer prints in the UK.

Ruberoid beats bad weather

TAKING INTO account the inclement weather of 1985, the directors of Ruberoid feel the profit outturn was good. From a turnover of £117.42m, against £119.65m, the group turned in an operating profit up from £4.98m to £6.56m.

Profit on sale of surplus land is only £35,000 this time (£1.76m), but related companies' share up to £1.11m (£807,000) and interest charges cut to £631,000 (£957,000) leaves the pre-tax profit showing a rise of 7 per cent to £7.07m (£6.6m).

Net earnings rose to 28.92p (24.7p) and the final dividend is 6.4p for a net total of 8.6p (7.8p).

Mr Thomas Kenny, chairman, says many of the group's activities are weather dependent, so the early months of 1986 "were not to our liking." The group had a difficult but profitable start and he is optimistic.

He says the group is in good health and had nearly £5m in cash at the year-end.

On the building materials side, profits improved significantly in 1985 with the absence of the miners' strike helping. In contracting the weather throughout the year was bad and this affected profits; but they were ahead of the previous year.

In paper production the capacity of the mill was increased

Ruberoid has no ongoing trading relationships with the Camrex group of companies, most of which were put into liquidation in the middle of 1985, and no part of its contested £9m claim against Ernst and Whinney, the former auditors, appears in the accounts.

Net investment cost of Camrex of £2.42m has been written off against reserves, and this is a qualification by the Ruberoid auditors

UK COMPANY NEWS

Martin Dickson on Tomkins bid for Pegler-Hattersley

High aims of a metal-basher

MR GREG HUTCHINGS, the 39-year-old chief executive of F. H. Tomkins, has come a very long way in a very short period of time.

In July 1983, when he joined the board of Tomkins, it was a small, sleepy West Midlands manufacturer and distributor of fastenings with pre-tax profits of about £1.5m.

Less than three years and three acquisitions later, Tomkins yesterday launched an all-paper £170m take-over bid for Pegler-Hattersley, an engineering group with products ranging from valves to domestic taps and plastic pipes.

The City had been expecting a major expansionary move by Tomkins for some time, though some analysts were surprised at the size of the target it has chosen.

If successful, the acquisition of Pegler would take it into a very much bigger league, more than doubling its market capitalisation and creating a group with pre-tax profits of around £25m against some £7m now.

Tomkins is one of a group of four companies in the normally unfashionable metal-bashing engineering sector which have become fashionable in the City over the past couple of years, thanks to relatively young, entrepreneurial and acquisitive chief executives.

The others are Suter, led by Mr David Abell, Williams Holdings, headed by Mr Nigel Rudd and Mr Brian McGowan, and Evered Holdings, led by the Abdullah brothers.

The companies are sometimes seen—or see themselves—as mini-Hanson Trusts in the making, pouncing on under-managed businesses and making their assets sweat.

Mr Hutchings, however, has the distinction of actually having worked for Hanson Trust: after an engineering degree at Aston University, and spells as an engineering consultant and researcher for a City fund manager, he spent three years as Lord Hanson's UK corporate development manager.

Mr Greg Hutchings, chief executive of F. H. Tomkins

Sir Peter Matthews, chairman of Pegler-Hattersley.

In 1983, aged 35, he decided to branch out on his own, alighted on Tomkins and, with the backing of County Bank and brokers Simon and Coates, bought a 24 per cent stake in the company (now diluted to just under 5 per cent) and rapidly became chief executive. His aim was to turn it into a diversified industrial holding company.

His first target, he says, was to increase Tomkins operating efficiency, through staff incentives and tighter financial controls. That achieved, he set out on the acquisition trail.

Ferraris Piston, a distributor of specialist motor components, was taken over in early 1984 for £2.2m in cash. Heyters, the lawnmower manufacturer, was bought for £4m through an issue of convertible loan stock in January this year, whilst in August he bought six subsidiaries of GKN, ranging from a manufacturer of safety footwear to one making disc brakes, for £10.7m.

Profits have risen sharply at the pre-tax level by an average annual compound rate of 45 per cent over the last five years. The company is forecasting not less than £7.1m pre-tax for the year to May, more than double the £3.5m of 1985, with earnings per share not less than 11.5p, up 43 per cent.

The quick-fire acquisitions mean it is not easy to analyse just how much of this is due to organic growth, though City analysts are generally impressed by its ability to improve the return on capital employed.

Mr Hutchings and his supporters in the City attribute his success to a management philosophy that has similar ingredients to that espoused by Hanson Trust.

They include a small central team with strong financial controls and maximum operating autonomy for the managers of subsidiaries.

"We only interfere when there is a problem," says Mr Hutchings. At the same time, managers are given the incentives of large bonuses geared to profit and return-on-capital targets.

Pegler-Hattersley is regarded as a natural target for Mr Hutchings. It is also an industrial holding company operating in similar areas to Tomkins, though there is not much direct overlap.

City analysts regard its performance in recent years as lacklustre. Pre-tax profits in the year to March 1985 were £18.1m, little changed from the two previous years, and in the first half of this year profits fell from £8.38m to £8.25m, largely because of problems in South Africa, where Pegler has a 37 per cent stake in a building products company.

One attraction of Pegler for Tomkins is its overseas interests, which would broaden Mr Hutchings' base outside the UK. The quality of the South African earnings may be in doubt, but there are also substantial interests in Australia and North America. Overseas operations contribute about 30 per cent of group profits.

If yesterday's offer were to succeed, it would also mean an uplift of more than 30 per cent in Tomkins' earnings per share, based on its forecast for this year and Pegler's historic figures.

Mr Tomkins was at pains yesterday to stress that he regarded the acquisition as a "merger" and that he would be keen to work with the Pegler management to improve performance.

Ideally, he would like a recommendation from the Pegler board, but yesterday it was still considering the situation and urging shareholders to take no action.

Simon Engineering expands to £26m

HIGHER INTEREST receivable and a profit from associates have enabled the Simon Engineering group to lift its pre-tax profit from £24.22m to £26.13m in 1985.

Earnings are up from 25.5p to 29.2p and the dividend is in effect raised to 8.5p (8p) with a final of 6p. After allowing for extraordinary charges of £8.64m (£1.11m), however, earnings are reduced to 15.2p (23.6p).

Recent collapse of oil prices is bound to have a short-term unsettling effect, the directors state. For the longer term, however, they welcome lower prices and expect these to benefit most of the group companies.

In parts of the oil related companies, the incidence of profit from contracts is such that results in the current year will be lower in the absence of contributions from new major contracts under negotiation.

Over all, 1986 will be a difficult year, the directors assert. But they are confident for the future as benefits progressively flow from rationalisation and the group's fundamental strength.

Extraordinary charges this year are net of £3.7m tax relief. In the first half provisions were necessary for the closing of the grain terminal construction business. Since then, further provisions were needed to terminate the rural overhead electrification activity of Drake & Scull (including the Nigerian contract), withdraw from the poultry and meat business and close the Access Equipment factory in France.

Turnover went ahead from £503.1m to £539.4m. Principal related companies produced £183,000 profit (loss £77,000) and interest received was £3.26m (£2.46m).

● comment

An unexpected fourth-quarter surge in manufacturing profits and a £500,000 boost from the shift to average exchange rates took Simon Engineering's results a whisker or two above some forecasts, but otherwise there was little excitement over the figures. Nor is there likely to be much over the current year's: a lull in income from major contracts and the impact of falling oil prices on Geo-Search seem likely to hold profits back to about £27m, and a rise in the tax charge to 30 per cent will leave the group struggling to increase earnings. With income from big contracts due to come on stream in 1987 and the group looking on its recent restructuring as providing the springboard for future growth, the current year multiple of 8 on a share price of 230p looks mean in today's market, but even the tempting prospective yield of 5.6 per cent is proving insufficient to whet investors' appetites for tomorrow's jam.

Imps battle heads for cliff-hanger

By Martin Dickson

The £2.8bn takeover battle between Hanson Trust and United Biscuits for Imperial Group was heading for a cliff-hanging finish this afternoon as Hanson yesterday increased its hold over Imperial's equity to 34 per cent.

Hanson bought some 4.6m shares in the market, lifting its total purchases to some 14 per cent of Imperial's shares. It has already received acceptances covering 20 per cent of the shares. Under takeover rules it could buy a further 1 per cent in the market today, lifting its total to 35 per cent.

The last figure from United Biscuits said that it spoke for 22 per cent, but that was a week ago. The battle will reach a climax this afternoon when United's agreed bid for Imperial comes to its final close.

Based on share prices at 3.30 yesterday afternoon, Hanson says that its "best" offer of shares and convertible loan stock is worth 369p for each Imperial share. United disputes this, putting the value of Hanson's offer at 361p.

The United offer of shares, preferred shares and cash was worth 367.8p.

Valin talks with Good Relations off

Valin Pollen International, the corporate advertising group, and Good Relations, the public relations company, yesterday called off their merger talks saying they had been unable to agree operating arrangements which would be in the best interests of shareholders and staff.

Mr Reg Valin, Valin Pollen's chairman, said yesterday that both companies had been happy with the financial basis of the offer, but difficulties had arisen over agreeing the structure of the merged group in the time available.

Valin Pollen's shares closed 10p up at 215p yesterday. Good Relations' shares, suspended at 176p on Monday, were expected to open at 130p-135p this morning.

Mr Tony Good, chairman of Good Relations, said there had been no specific reason for the breakdown of talks but areas of difficulty had included the question of client loyalties and the position of staff in the new structure.

Sedgwick

The share price of Sedgwick Group, Britain's largest independent broker, fell sharply on the Stock Exchange yesterday. At one stage the share price had fallen 25p to 353p but at the end of yesterday's trading closed at 360p, down 18p.

The fall in the share price was triggered by speculation about a reinsurance division in the group which has recently been the subject of management reorganisation. A reinsurance executive in the composite reinsurance division of E. W. Payne, a subsidiary of Sedgwick Group, resigned last month by mutual agreement with the company.

The group is understood to be examining reinsurance contracts arranged by the division which could prove to be in dispute withe reinsurance companies. The value of the contracts is understood to be under £5m.

Evered pleases market with increase to £7.9m

BY DAVID GOODHART

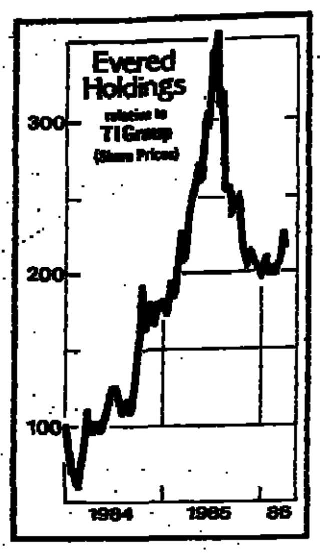
Evered Holdings, the acquisitive industrial holding company with a 20 per cent stake in TI, has more than satisfied market expectations with pre-tax profits up from £3.44m to £7.87m, on higher turnover of £99.62m against £63.35m.

However, the full year's results of the polymer division, which was acquired in December, has been merger accounted and the results of the original Evered businesses are shown as pre-tax profit of £6.67m on turnover of £82.57m.

The main growth has been in industrial products and metal forming which saw profits rise to £4.1m (£1.99m) and £1.77m (£1.06m) respectively. North American profits slipped slightly to £1.13m (£1.58m) and Polymer introduced £1.2m on turnover of £17.05m.

Mr Raschid Abdullah, the chairman, stil refuses to comment on his precise intentions over the TI stake but insists that all his options remain open. Most Cly analysts now believe that a full bid by Evered for TI is highly unlikely and Mr Abdullah appeared to rule out the other widely discussed option of seeking a seat on the TI board.

Mr John Ford, finance director, said the stake in TI was currently showing a profit on paper of £15m and the dividend income came to just under £1m in the accounts.



Mr Osman Abdullah, the vice-chairman, said that the presence of the Evered stake had undoubtedly made TI work a little harder. But he added that it was not disracting Evered from its main aim of earnings per share growth. "If we thought the holding was going to upset our growth we would sell it but it isn't."

He said the profits growth target for 1986 was 25 per cent "but this is not a forecast." One of the main targets for growth—possibly by acquisition—in the coming year is likely to be in rubber product. The rubber compounding division is currently working at only 65 per cent capacity.

The gearing is down from 49 per cent to 35 per cent. The board proposes a final dividend of 2.25p per ordinary share making a total of 3.5p net, an increase of 52 per cent. Earnings per share were up 59 per cent at 18.1p.

● comment

The TI stake has had rather a paradoxical effect on the Abdullahs. In some respects they appear rather chastened. No longer do they imply that they are Guildford's answer to Lord Hanson, able to turn round TI in a couple of months given the chance. Yet, while talk of a bid may have been over-ambitious, the stake has got them widely known and they are clearly not going to lose money on it. Attention to these results will do them no harm. They mark a "bedding down", and with the benefits of most of last yaur's £5m of capital expenditure yet to come through, 1986 should see profits of about £10.5m—which gives them a prospective p/e of 12.5 at 300p. The straightforward productivity push which has done margins so much good will, however, probably need to be supplemented by further acquisitions to keep up the momentum.

W. Baird rises by 23%

TAXABLE profits advanced by 23 per cent to a record £14.55m for William Baird in 1985 on turnover 14 per cent higher at £244.02m. Last year the clothing manufacturer and industrial insulation contractor reported profits of £11.86m on turnover of £213.81m.

Earnings per £1 share before extraordinary items are stated at 56.8p (47.5p). The directors are recommending a final payment of 11.715p (10.5p) making a total of 19.415p against 17.5p last time. There is also to be a one-for-two scrip issue.

Mr T. D. Parr, chairman, says there were significant contributions from both Baird Textiles and Darchem. Consistent growth has been achieved during the past four year in spite of strong competition in its markets.

He adds that the encouraging results achieved in difficult circumstances provide a sound basis for confidence in the group's products and activities.

A split of the turnover shows that textiles had £168.16m (£152.97m) with operating profits of £11.81m (£9.88m). Turnover for Darchem was £75.87m (£60.85m) with operating profits of £5.1m (£3.77m). The balance of operating profit which totalled £17.89m (£14.76m) came from investments.

The pre-tax figure was struck after central administration costs of £357,000 (£359,000) and interest charges of £2.98m (£2.55m).

● comment

William Baird has had only one bad year (1981) in the past six and yesterday continued the rising trend by producing almost £1m more than the City had been expecting. Volume gains plus a half point operating margin rise underlay this organic improvement. Even on the trade with Marks & Spencer, about 36 per cent of textile sales, Baird's product range is apparently good defence against margin erosion. Dannimac accounts for another third of the textile side and did well with the help of last year's wet weather. Its new higher margin range of raincoats is keeping the profit contribution up as the country hopes to dry out. No one seems to understand the profits stream from Darchem except that it appears good until late 1987 and helps bolster the group's cash balances—£30m at the year end. This year £16.5m pre-tax should be achieved although a rise in the tax rate to 32 per cent will contain earnings growth. The textile sector may lag behind the market but on performance grounds Baird appears to justify a rating a couple of full points higher than a prospective multiple of 11 on the shares at 605p, up 35p.

RFD attacks £23m bid from Wardle

RFD Group yesterday attacked the takeover bid launched on Wednesday by Wardle Storeys, the fast-growing manufacturer of plastic sheet.

The bid, worth just under £23m at last night's closing prices, was described by RFD as opportunistic and inadequate, and failed to reflect the value of its improving trading position.

RFD, the parachute and dinghy manufacturer, said that the cash alternative of 137.5p was totally inadequate, and added that the offer was made without any attempt at prior discussions with the board.

Despite Wardle's aggressive tone, its arguments in favour of a combination of the two businesses were unconvincing, said RFD.

Wardle Storeys' shares closed yesterday at 306p, up 1p, while RFD's gained 2p to 176p. The terms are 11 Wardle shares for every 20 in RFD.

Zygal drops IBM

Zygal Dynamics has withdrawn from the sale of IBM personal computer products, thereby eliminating a significant loss-making operation and further improving group liquidity.

The sale of relevant stock and fixed assets is expected to more than offset the redundancy payments and other costs associated with the closure.

Low & Bonar US deal

Low & Bonar, the Dundee-based packaging, plastics, textiles and electronics group, is buying Texas-based USI Film Products from National Distillers Corporation of the US for around $9.5m (£6.5m) in cash. The completion of the deal is scheduled for May.

The acquisition of USI, which specialises in the production of low density films used in packaging, is to strengthen Low and Bonar's North American packaging interests.

After the purchase the business will operate under a new name, Bonar Packaging. In 1985 USI made profits of $350,000 on a turnover of $30m. The estimated net asset value as April 30 1986 amounts to $9.8m.

CATTLE'S (HOLDINGS) has acquired the whole of the issued share capital of George N. Bell and Sons (Hull) furnisher and credit trader in Hull, for £148,706 satisfied by the issue, credited as fully paid of 280,578 ordinary shares. Mr Roy Waudby, chairman of Cattle's said: "We had been talking to the company for some time; it is an amicable acquisition which consolidates our very strong position in Hull."

FT LAW REPORTS

Company's need to know is test of receiver's duty to inform

GOMBA HOLDINGS (UK) LTD v HOMAN AND ANOTHER
Chancery Division: Mr Justice Hoffmann: March 24 1986

RECEIVERS APPOINTED under a fixed and floating charge have no duty to keep the company continuously informed of the state of the receivership but, if not contrary to the debenture holder's interests, may provide information to enable the directors to perform their duties; and if the directors demand information needed to redeem secured assets, the court will not order disclosure if they fail to shew a bona fide intention and ability to redeem.

Mr Justice Hoffmann so held when dismissing a motion by six companies in the Gomba Group, all controlled by Mr Abdulhamid Shamji, for an order directing Mr Andrew Homan and Mr Colin Bird, receivers of their assets, to disclose full details of disposals.

* * *

HIS LORDSHIP said that receivers of the assets of companies in the Gomba group were appointed in October and November 1985 by Johnson Matthey Bankers under fixed and floating charges securing a group indebtedness of about £22m. Since then the receivers had realised various assets and the current indebtedness stood at about £11m.

According to the evidence Mr Shamji, as sole director of the companies, had entered into an agreement in undisclosed terms with an undisclosed third party which, it was said, would provide the funds needed to pay the whole outstanding indebtedness to the bank and redeem the remaining assets.

The arrangements were said to involve the sale of some or all of the group's remaining assets to the undisclosed third party after redemption. For the purposes of concluding negotiations with the third party the companies wanted certain information from the receivers about the current state of the receivership.

The receivers had from time to time provided information, but the companies considered it fell short of their legal entitlement.

On March 4 1986 they issued a writ against the receivers claiming disclosure of full details of all disposals of assets made or proposed to be made, and of contracts relating to assets known to have been sold or agreed to be sold.

In the action they issued a notice of motion seeking the same relief as that claimed on the writ; and another notice of motion for an order restraining the receivers from disposing of any further assets until five days after giving notice of intention to do so.

On the latter motion there was no arguable cause of action which would entitle the companies to relief. The security documents gave the receivers an unrestricted right to sell at any time. Until actual redemption or at least a valid tender of the redemption price, those powers continued to exist.

Most of the hearing was taken up with the motion for information.

Section 497 of the Companies Act 1985 required a receiver or manager appointed under a floating charge to send accounts to the company, the debenture holder and the registrar of companies. The accounts had to be sent annually, and within two months of termination of the receivership.

The statutory obligations were not exhaustive. For the purpose of determining the extent of a receiver's equitable obligation to provide accounts and information to the company, his status as agent provided a starting point, but not a solution.

Although nominally the agent of the company, his primary duty was to realise the assets in the interests of the debenture holder and his powers of management were really ancillary to that duty. His obligations must depend on the express or implied terms of the bargain between the debenture-holder and the company, under which he was appointed.

Certain principles could be deduced from what the parties might be supposed to have contemplated as the commercial purpose of the power to appoint a receiver and manager.

The first was that the receiver and manager should have the power to carry on the day-to-day process of realisation and management of the company's property without interference from the board.

That relationship between receivers and company would suggest that the board might be entitled to periodic accounts, but could not, merely because it was the board and the receivers were agents, demand current information about the conduct of the business.

Mr Cullen, for the companies, relied strongly on the Court of Appeal decision in *Newhart Developments (1978) QB 813* which decided that the residual powers of the board in receivership enabled it to authorise an action for damages against the debenture holder without the consent of the receiver.

That was an exceptional case in which the receiver, for obvious reasons, did not consider the debenture holder's interests would be served by pursuing the action. Lord Justice Shaw said: "If there is an asset which appears to be of value, although the directors cannot deal with it in the sense of disposing of it, they are under a duty to exploit it so as to bring it to a realisation which may be fruitful for all concerned."

It was easy to see what he meant in the context of the case. But Mr Cullen relied on the generality of that statement for a submission that directors had a continuing duty to exploit the assets of the company and that receivers were therefore obliged to provide whatever information was necessary to enable them to carry out that duty.

That would be contrary to principle and wholly impracticable.

During the currency of the receivership, the board had no powers over assets in the possession or control of the receiver.

The second principle which could be deduced from receivership was that, in the absence of express contrary provision by statute or the debenture, any right the company might have to be supplied with information must be qualified by the receivers' primary duty to the debenture holder.

If the receiver considered that disclosure of information would be contrary to the interests of the debenture holder, he must be entitled to withhold it and probably owed a duty to the debenture holder to do so.

The company might be able to challenge the receiver's decision on the ground that no reasonable receiver could have made it, but otherwise he was the best judge of the commercial consequences of disclosing information about his activities.

All those considerations, which tended to negate a general obligation to the company, were valid only during the currency of the receivership.

During the receivership the company's right to information beyond the statutory accounts must depend on demonstrating a "need to know" for the purpose of enabling the board to exercise its residual rights or perform its duties.

In the present case the board might need information in order to exercise the company's right to redeem. It seemed at least arguable that the right to redeem gave rise to a right on the part of the company to ask for sufficient information to make it effective.

For the purpose of the motion it was therefore assumed that a board which demonstrated a *bona fide* intention and ability to redeem was entitled not merely to a redemption statement showing how much was still owing but also to reasonable information about the nature of the assets remaining in the hands of receivers.

On the other hand, a receiver's duty to provide such information must be subordinated to his primary duty not to do anything which might prejudice the interests of the debenture holders.

In the present case the relationship between Mr Shamji's solicitors and the receivers and their solicitors had not been easy.

Few disposals of assets had not provoked threats of legal proceedings for breach of duty in selling at an undervalue. Mr Shamji's solicitors had been free with accusations of bad faith against the receivers and thet bank. Letters of complaint dealing with every aspect of the receivership had been written to the receivers' professional body, and the validity of their appointment had been challenged in heavy litigation.

The receivers were not entitled to penalise Mr Shamji for being difficult. But it was not unreasonable for them to be wary about the disclosure of even apparently innocuous information about their activities in case it should precipitate legal proceedings in which they would have to disclose confidential information in order to defend themselves.

The question was whether the companies, at date of issue of the writ and notice of motion, had an arguable case for saying they were entitled to more information.

They had not demonstrated any need to know more facts than they had already been given.

The history of the case, before and after appointment of the receivers, was a chronicle of unfulfilled assurances by Mr Shamji that someone was just about to provide the money to pay his debts to the bank.

The receivers were under no obligation to provide any information until they had firmer evidence that there was a realistic prospect of redemption.

The motions were dismissed.

For the companies: Terence Cullen QC and Anthony Trace (Holman Fenwick and Willan).

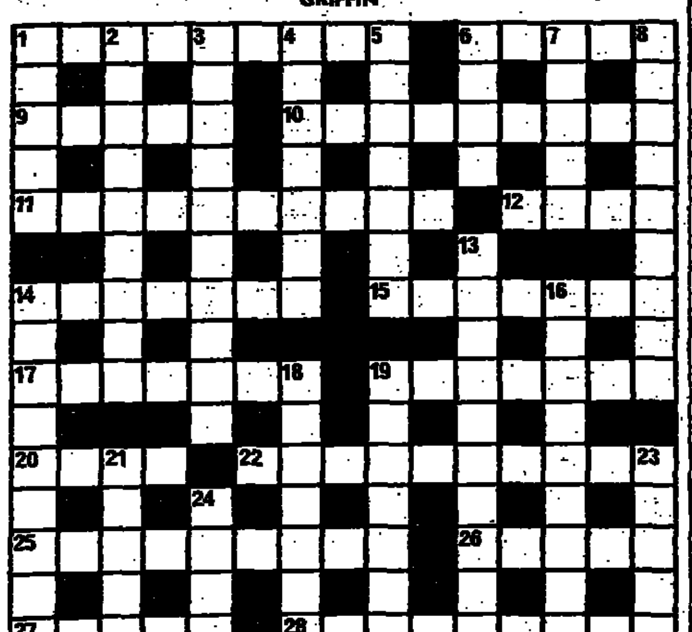
For the receivers: Richard Adkins (Freshfields).

By Rachel Davies
Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

F.T. CROSSWORD PUZZLE No. 5,994

GRIFFIN



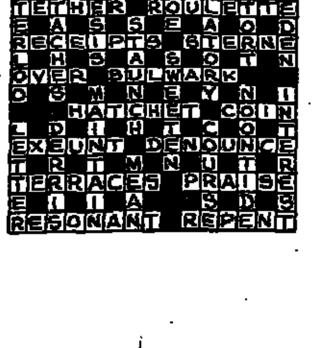
ACROSS

1 Antelope in rice cooked for the man from Reykjavik (9)
6 March afternoon on which craft returned (5)
9 In case the article included is the smallest (5)
10 From the material brought back rebuilt site with skill (9)
11 Bizarre lout and his doctor (10)
12 Present from the governor again (4)
14 Designed key to fit in case by front door (7)
15 Doctor has work for each dispenser (7)
17 Depression which may be felt by the motorist? (7)
19 Against I agree to enter the pipe, it's cancelled (7)
20 Likewise one team isn't carrying first aid (4)
22 Little credit is given to the new cities I'd censured (10)
25 Crafty native must be beheaded first, being different (9)
26 It always goes about fifty here (5)
27 A point from an old prime minister (5)
28 Keeping return half of it—none can be exchanged (9)

DOWN

1 Rings the student soldier back; it's somewhere to live (5)
2 Statute to deal with TNT menace (9)
3 Tart involved in lawsuit is someone who brings in the crowds! (10)
4 Sort of red, and dead ugly, it's greatly feared (7)
5 The agent, taking another dose, rested (7)
6 Stretch of water first named after a sailor (4)
7 I admitted cooked kale would be similar (5)
8 Leading politician failed to get promoted (9)
13 Proving guilty con man ought to be put in can (10)
14 Caught strange pair taking grain to the Goat (9)
16 Ask, in a pit compound, for the man from Karachi (9)
18 The noble soldiers turned up around one—or sooner (7)
19 Move back, seeing there's a troublesome tree rodent around (7)
21 A number of patients (5)
23 Joining the party, longing to be senior member (5)
24 Knowing the painter's turned on the heating (4)

Solution to Puzzle No. 5,993



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6625

American Major	[illegible]	75.5	[illegible]	1.32
Amer Tech & Genl Fd	204.4	211.1	+0.5	[illegible]
European Growth	28.8	30.8		0.23
European Income	32.2	34.4	+0.2	[illegible]
Exempt	528.0	565.3		[illegible]
Intnl Growth Fd	29.6	29.5		0.13
International Income	57.3	61.2	-0.2	[illegible]
Jap Tech & Genl	82.2	89.2		0.01
Pacific Fund	148.3	158.1	+1.3	0.01
Secure Income Fd	177.5	190.0	+0.6	4.54
Small Cos Fd	37.4	40.0		1.45
Special Sits	211.5	226.3	+2.9	2.15
UK General Fund	34.9	37.3	-0.1	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	257.0	275.4	-1.3	[illegible]
Accum. Units	284.3	304.8	-2.5	2.90

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	221.7	236.1	+2.8	2.16
(Accum Units)	246.9	262.1	+0.9	2.16
(Withdrawal Units)	160.5	172.9	+0.6	2.16
Australian Fund	123.2	131.1	+1.1	1.01
(Accum. Units)	125.0	133.1	+1.1	1.01
British Fund	578.3	615.9	+2.0	4.22
(Accum Units)	779.0	827.6	+2.7	4.32
European Fund	262.5	279.4	-0.6	0.83
(Accum Units)	276.4	294.4	-0.7	0.83
Japan Fund	255.4	272.0	-0.2	0.37
(Accum Units)	256.7	273.4	-0.2	0.37
Sterling P&P	157.2	165.5		

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	399.5	425.5	-1.6	2.91
North America	[illegible]	50.5	-0.5	1.29
Far East	65.1	69.2	+0.8	0.34

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulation Units)

Squirrel	10.18	10.95		
Bear	11.34	11.94		
Owl	11.81	12.44		
Bull	12.42	13.07		
Stag	11.30	12.42		
Gilt-Edged		12.08		
Deposit		9.57		

Pension Funds (Accumulation Units)

Squirrel	58.6	62.11		
Bear	12.24	12.85		
Owl	12.77	13.45		
Bull	13.69	14.42		
Stag	12.88	13.56		
Gilt-Edged		11.58		
Deposit		9.62		

Exempt Approved

Mixed Managed	130.52	133.16		

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG 0603 622200

Managed Funds

Managed Fund	657.1	691.5	+2.6	
Equity Fund	1289.4	1357.3	+11.6	
Property Fund	293.8	309.2		
Fixed Int. Fund	356.1	374.9	-1.3	
Deposit Fund	191.3	201.3		
International Fund	117.3	123.4	-0.4	

PBR Fund Management Ltd
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	116.2	122.2	+0.8	

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 22271

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-227 4422

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV | $16.53 | +0.03 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $15.97
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard-Royal, Luxembourg
Advanced Tech | $14.61
Dynamic Gwth Fd. | $13.91

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund | $11.89 | 12.60

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.10			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.98	8.21	12.01	Mth
7-day Fnd	11.67	8.73	12.81	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	10.73	8.02	11.52	6-Mth
7-day Fund	11.00	8.22	11.82	6-Mth
Dollar	5.87			6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	11.00	8.00	11.77	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.22	12.12	Qtr
Mth. Int. Chq.	11.00	8.22	12.20	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.125	8.32	12.17	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.06	7.51	10.94	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque.	10.125	7.375	10.60	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.00	8.22	12.1993	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.00	8.22	12.03	Mth
U.S. Dollar	6.75	5.05	7.27	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.50	1.12	1.59	Mth
Japanese Yen	4.75	3.55	5.08	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	£5,000+	8.20	12.14	Mth
For other rates please 'phone our Ratefone 01 846 9768				
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.90	Qtr
£2,500 +	10.03	7.50	10.89	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	11.00	8.22	11.94	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3913				
Cheque Deposit Acc	11.00	8.22	12.20	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.06	7.51	10.94	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc.	12.04	9.00	12.96	6-mth
Lloyds Bank PLC 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.25	8.00	11.61	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	11.25	8.409	12.013	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A. (£2,500+)	10.50	7.85	11.46	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	10.03	7.50	10.56	Qtr
£10,000 +	10.37	7.75	10.93	Qtr
Oppenheimer Money Mngmt Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	10.375			3-Mth
Phillips & Drew Trust Ltd. 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	10.625	7.94	11.53	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int. Chq Acc.	11.50	8.60	12.63	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.00	8.22	11.94	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.23	7.65	11.19	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	10.44	7.81	11.48	Qtr
Money Acc	10.53	7.87	11.58	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.75	7.29	10.77	Mth
Over £10,000	10.00	7.48	11.06	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5E 0752 24141				
High Int Chq Acc	11.56	8.64	12.54	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	78
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	39	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	37	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
"Imps"	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

US may lift foreign options ban

BY ANDREW GOWERS

AMERICAN MARKET regulators are moving cautiously to pave the way for allowing the sale of foreign options contracts in the US. This has been banned since 1978—much to the annoyance of commodity exchanges in other countries, and particularly in London.

This week, the Commodity Futures Trading Commission—the official watchdog for US markets—is due to publish draft rules designed to cover trading in both futures and options from other countries, and to prevent the type of abuses which surrounded the sale of foreign options to US customers in the mid-1970s.

It will be seeking comments on the rules both from the domestic futures and options industry and from foreign exchanges, which may well resist some of its proposals.

CFTC officials stressed yesterday that the Commission has not yet reached a final decision on whether to permit the sale of foreign exchange-traded options. But it wants to know whether the regulatory structure it has been developing for the sale of foreign futures contracts could serve as a model for foreign exchange-traded options as well.

The rules provide two alternative procedures for people offering foreign futures and options to American customers: if located within the country, they could apply for registration with the Commission. If outside, they could choose instead to designate a US broker or futures commission merchant (FCM) as their agent, or deposit $50,000 with an American FCM and allow it to carry their customer accounts on an "omnibus" basis—that is, the accounts would be lumped together for the purposes of regulation rather than individually disclosed.

Leading London exchanges have recently stepped up their protests against what they regard as unjustified restrictions on their business with US customers, including the CFTC's ban on the sale of foreign options.

In a joint submission earlier this year to the US Congress, which is currently reviewing the CFTC's activities, they said the ban "threatened the equilibrium" between UK and US exchanges.

"Unrestricted access to UK markets by US traders and to US markets by UK traders enhances market efficiency, resulting in a better forum for price discovery and risk-shifting at each locale, eventually benefiting the global economy," they said. "The exchanges take this occasion to again express their objection to continuation of the ban in any form."

The exchanges, representing London's markets in soft and agricultural commodities, metals and financial futures, have also expressed serious concern about the CFTC's efforts to regulate the sale of foreign futures contracts to US customers, and about the Commission's reporting requirements for positions taken by British citizens on US markets.

"The exchanges continue to be concerned about the exposure of their member firms to CFTC enforcement activities related to extraterritorial demands fo rinformation not within the Commission's purview," the submission said.

Specifically, they oppose proposals now before Congress that would give the CFTC powers to enforce investigative subpoenas on foreign citizens served in foreign countries. The British Government has also formally protested against this move, which has evoked memories of earlier disputes between the two countries over US attempts to extend its legal jurisdiction beyond its borders, to the US State epartment.

"Her Majesty's Government believe that it would be particularly regrettable for Congress to enact legislation of this kind at a time when the UK and US regulatory authorities . . . are now exploring the possibilities of reaching understandings on the mutual exchange of regulatory information," it said.

Guinea in bauxite price talks

By Robert Gibbens in Montreal

ALUMINIUM PRODUCERS led by Alcan Aluminium and Aluminium Company of America believe that they are making progress in talks with the Government of Guinea over cutting bauxite prices.

Pittsburgh-based Halco Mining, a consortium company owned by the aluminium companies, said that it was hopeful some agreement could be reached. The aluminium producers are locked into long-term take-or-pay contracts for bauxite which is much more expensive than supplies from Brazil and Australia. They want Guinea, the world's second largest producer after Australia, to drop a $13 a tonne export levy to help narrow the gap.

Halcoowns 51 per cent of Compagnie des Bauxites de Guineau which operates the Boke mines. The Guinea Government holds the other 49 per cent.

Mr Douglas Burns, a vice-president of Halco, said: "The negotiations are highly sensitive right now and Guinea has made counter-proposals. We understand the importance of Bauxite to Guinea's foreign exchange earnings but we are trying to find solutions that meet the interests of both sides."

Halco continued to ship bauxite last month but had paid the export tax under protest.

Aluminium companies have been pressing for lower prices from all their major sources of supply. About 40m tonnes of the western world's 100m-tonnes-a-year bauxite mine capacity is idle.

Bauxite exporting countries making up the 11-nation International Bauxite Association have accused the aluminium companies of trying to play one producer off against another.

● Total non-Communnist world stocks of all forms of aluminium, excluding finished end products, stood at 3.842m tonnes in February compared with 3.921m tonnes in January and 4.428m in February, 1985.

Paris studies new contracts

BY DAVID MARSH IN PARIS

THE PARIS Commodity Brokers Association is studying proposals for new contracts in rapeseed products and pigmeat futures, as well as a possible equity index contract, to try to breathe new life into French commodity trading.

The association is bidding to break into new areas after being hit at the end of last year by the departure of its previous president, Mr Michel Wiart, who was given a jail sentence on charges of irregularities in dealings with private clients.

Mr Lucien Renier, the new president, admitted at a press conference that the successful start in February of a separate Paris financial futures market has taken wind out of the sails of his own exchange. Mr Wiart during his term in office tried to link up commodity brokers with the financial futures scheme promoted by banks and stockbrokers, but the overtures were comprehensively rejected by the financial community.

Turnover on the financial futures market, in which nearly 100 banks and brokers have plans to participate, has been much higher than expected since it started on February 20. This has partly reflected tthe strong showing of French capital markets, where operators have ben heartened by the continued downward trend of French interest rates this year.

Mr Renier described himself as not simply "needled" but also "wounded" by the successful start of the new market. The financial futures market is also studying plans to introduce a stock index contract. But Mr Renier, pointing out that a "revolution" was taking place in French attitudes towards futures markets, said there was no reason why the two exchanges should not run similar contracts.

Mr Renier has none the less been heartened by further increases in trading volume in the Paris exchange's main stream contract in white sugar. Paris trading volume in the first quarter in this contract was up 43 per cent on the corresponding period last year, surpassing the percentage increases in this period in London and New York of 36 per cent and 27 per cent respectively.

Paris sugar trading volume in the first quarter was 7.8m tonnes against 10.2m in London and 47.9m in New York.

Paris robusta coffee trading volume rose sharply in the first quarter after last year's very depressed conditions, but trading in cocoa beans fell back again. In both these areas, Paris has only a very small share of the international futures market.

Concerning plans for new contracts, Mr Renier said he hoped progressive deregulation of the Common Agricultural Policy would open up opportunities for more market-related trading in EEC farm products. However, he admitted there was little likelihood of speedy breakthroughs in this area.

The Paris market is due to bring in a new cocoa butter contract on April 22 and has also agreed to draw on the expertise of the Chicago Board of Trade to try to improve its efforts to market commodity futures and options in France. This agreement will initially lead to establishment of joint seminars to help train the Paris dealing community in US-style trading methods.

Oil markets still nervous

BY DOMINIC LAWSON

OIL PRICES on both sides of the Atlantic rose yesterday, but in extremely nervous trading conditions, after President Ronald Reagan said he had no quarrel with statements of concern by Mr George Bush, the vice president, about the effects of falling oil prices on the US oil industry.

In what appeared to be a thinly veiled attack on the drive for market share by Saudi Arabia and Kuwait, Mr Reagan said: "We can't ignore the possibility that someone might think of driving it [the oil price] down to where they get rid of a lot of competition."

However Saudi Arabia is likely to make it celar to the US through diplomatic channels that it has no quarrel with the US oil industry, but is seeking production cuts from net exporters such as the UK

In the wake of the President's remarks the price of May contracts of West Texas crude rose by 55 c eo $13.55 a barrel, while in Europe spot cargoes of Brent, the main North Sea crude, was quoted between $13.90 and $14.20 a barrel, about 50c above Wednesday's levels.

However, in both markets trading was very thin, with one US trader commenting "at the moment fear is stronger than greed."

Part of the Brent market's thinness is due to the collapse of complex trading chains in the Brent forward market in February. The Chief Executive of the rival International Petroleum Exchange, Mr Peter Wildblood, claimed yesterday that IPE proposals for a new cargo deliverable Brent crude oil futures contract had met with a generally favourable response."

Canadian wheat growers face 19% price cut

By Robert Gibbens in Montreal

THE CANADIAN Wheat Board has lowered the price it will pay for Western wheat, by 19 per cent. Most farmers had expected a price drop this season, but the cut is much larger than most were prepared for.

The Board offered an initial payment of C$130 a tonne for top grades, or the lowest in seven years. Barley growers will see their initial payment drop by 27 per cent to C$80 a tonne, the lowest in eight years.

The price reductions could mean a drop of as much as C$1m in farm incomes over the next year, and accelerate bankruptcies and foreclosures in Western Canada, farmers fear.

Shelling out for Euro-peas

John Buckley on a bitter wrangle over the EEC price regime for peas and beans

TIME IS running out for reorganisation of the EEC's support regime for peas and beans (pulses)—one of the dwindling band of alternative crops for farmers in retreat from surplus-ridden cereals. However, as various interests in the supply chain attempt to lobby for their corners, the prospect may be for a solution that will satisfy nobody, according to the UK Grain and Feed Trade Association (Gafta).

The scheme now under review was set up several years ago, when processors for human use provided the main outlet and feed compounders a much smaller market. Under this scheme processors pay growers a varying premium well above support prices, depending on the quality sought, while compounders pay a fixed 10p-a-tonne premium if quality exceeds an agreed norm and impose a 1 per cent discount — sometimes as much as £1.80 a tonne—if quality falls below set parameters.

This system has generally worked well, encouraging compounders to incorporate peas and beans in their feeds. In fact, it has been so successful that, over the years, the usage equation has reversed—compounders now take an estimated 80 per cent and processors the remainder—enabling the crop to double in size.

However, things went sour in the UK after the harvest problems of 1985 when some producers received sharply lower prices. The buyers pointed to higher costs of segregating good from bad due to very localised field damage, drying in one of the wettest years on record, cleaning and — perhaps most important—shrinkage, which is on a far greater scale in wet pulse crops than, say, cereals.

Some growers, however, became convinced that the support scheme's weaknesses had been exploited and were also to blame for their lower incomes. Their outcry drew an apparently sympathetic response from the European Commission which offered the solution that quality allowances be made fully reciprocal with discounts and premiums equal to 1 per cent.

Compounders were having none of this. Many dug their heels in and threatened to switch from pulses to alternative feed ingredients, objecting that an extra 1 per cent would make pulses too expensive and would not enhance feed value against other ingredients while consistent quality could not be relied upon.

In turn, exporters (of edible peas/beans) warned that such a change in regulations which potentially increased the final cost could not be written into their contracts and would put Britain's foreign markets at risk—particularly in the Middle East, where Britain is already feeling the sharp end of Australian competition.

Reciprocal aid would also fall with varying degrees of fairness on the two principal EEC pulse-producing countries. In France farmers and end-users are linked through a central storage and co-operative system—so both parties have first hand evidence of their costs. In the UK, however, the trade between producer and compounder operates through middlemen — brokers, merchants and cleaners, who would have to pick up the tab for farmers and then try to pass it on to consumers.

Finally, compounders point out that any cost increase would have to be passed on to the UK livestock sector in higher feed prices.

UK traders and their consumer customers pushed this impressive list of drawbacks at the Commission which replied that all interested parties had better go away, sort it out among themselves and come back with their own solution. In the UK, however, talks quickly reached stalemate between the vested interests of the National Farmers' Union and compounders.

EEC PRODUCTION OF PULSES (tonnes)	
1981-82	940,000
1982-83	1.17m
1983-84	1.4m
1984-85	1.92m
1985-86	2.29m

Source: Gafta

The deadlock cannot last. Unless agreement is reached by April 14, Commission is empowered to introduce on July 1 the fully reciprocal allowances. If that happens, Gafta warns, UK trade will start to dry up and private deals will be struck under the counter at bargain-basement prices. In short, the bottom could fall out of the pulse market.

Alternatively, the Commission could adopt a "fall-back" position—curiously, also embraced by the NFU. In the event of stalemate, no premiums would be paid to the grower and no aid to either processors or compounders. This might cut CAP spending at a stroke but growers' returns would still be reduced and whether compounders would be prepared to continue incorporating pulses, divested of their "AAF" (added aggravation factor) payment is debateable.

Edible pulse users have their own peculiar problems, augmented by the fact that EEC growers favour high-yielding, feed quality protein peas and will only produce low-yielding human consumption varieties at a premium (especially as these also require more harvesting attention, drying and storage expenses). So edible user groups claim they would have to continue receiving aid to compensate for this and for their own considerable re-cleaning and purifying costs.

Representing UK trade interests in Brussels Gafta is concerned that the National Farmers' Union's attempts to untangle a better deal from the complex EEC system have become unduly influenced by one unusually tough harvest. Fully reciprocal aid or total removal of payments, as advocated by the union, would risk alienating the very buyers on whom producers depend, the association believes.

However, the onus is now squarely on the trade to find a solution—and swiftly—if feed markets are to be maintained. Comments one compounder: "No-one should forget that without intervention support, the final buyer has the final say and his answer may well be 'a plague on peas and beans with all its paperwork and politics, I'll buy soyameal at a known price'."

LONDON MARKETS

THERE WERE no fireworks on the London commodity markets yesterday. The sharpest movement was in the sugar futures market, where nearby values fell back a few dollars in a late reaction against recent strength. Coffee maintained its firmer tone with the July futures position ending £14.50 up on the day, while July cocoa gained an extremely modest £2 at £1,406.50 a tonne. The London Metal Exchange's base metals markets were also relatively quiet with copper and nickel a little higher on the day but other's modestly lower. The biggest fall was cash lead's £3.25 to £251.75 a tonne, which reflected news that Swedish employers and unions had agreeda pay deal, thus averting strike action and possible production disruption at Boliden. The company had warned last week that it might declare force majeure on lead and copper shipments if a strike was called.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	793.4	−2	— —
3 months	809-9.5	−4	815/806

Official closing (am): Cash 792-3 (801-2); three months 809.5-10 (818-9); settlement 793 (802). Final Kerb close: 812-3. Turnover: 20,350 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	970-1	+1.5	— —
3 months*	990-1	+2.25	997.5/991

* Grade "A"

Official closing (am): Cash 977-75 (976-7); three months 996-6.5 (994.5); settlement 977.5 (977). Final Kerb close: 994.5.

Cathodes			
Cash	964-5	−1.5	973
3 months*	981-3	−0.5	998

Official closing (am): Cash 972-3 (974-6); three months 988-90 (988-90); settlement 973 (976). Turnover: 39,400 tonnes. US Producer prices 66.5-74 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	251.5-2	−3.25	252.5/252
3 months	257.5-7.75	−2.38	258/257

Official closing (am): Cash 251.5-2 (256-6.5); three months 257.5-8 (259-60); settlement 252 (256.5. Final Kerb close: 257.5-8. Turnover: 6,700 tonnes. US Spot: 18.25-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	2770-5	+17.5	—
3 months	2820-5	+5	2820/2750

Official closing (am): Cash 2,755-60 (2,745-50); three months 2,820-5 (2,820-5): settlement 2,760 (7,750). Final Kerb close: 2,820.30. Turnover: 1,086 tonnes.

TIN

Kuala Lumpur Tin Market—Close: Not quoted.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	448.5-50.5	−1	444.5/458.5
3 months	459.5-61	−0.25	460/455

Official closing (am): Cash 444.5-5 (448-9.5): three months 456.7 (460.5.1): settlement 445 (449.5). Final Kerb close: 457-8. Turnover: 5,775 tonnes. US Prime Western: 32.5-36.5 cents per pound.

GOLD

Gold rose $2 an ounce from Wednesday's close in the London bullion market yesterday to finish at $338-$338½. The metal opened at $336¼-$333¾ and traded between a high of $338.4-$338.8 and a low of 336½-337. Prices drifted during the afternoon after the start of trading in New York with uncertainty about oil prices and the dollar providing an unsettled background.

GOLD BULLION (fine ounce) April 10		
Close	$338-338½	(£230¼-231¼)
Opening	$336¼-336¾	(£231-231½)
M'nl'g fix	$338.15	(£230.977)
Aft'n'n fix	$337.70	(£230.760)

GOLD AND PLATINUM COINS		
Kr'g'r'nd.	$339-339½	(£231½-231¾)
½ Krug.	$178¼-179½	(£121¾-122½)
¼ Krug.	$90½-91½	(£61¾-62½)
1/10 Krug.	$36¼-37½	(£25 25½)
Mapleleaf	$347¼-350¼	(£237¼-239¼)
Angel	$348-350	(£237½ 239)
1/10 Angel	$34-39	(£23¼-26½)
New Sov.	$81¾-82¼	(£55¾-56¼)
Old Sov.	$87½-89	(£59¾-60¾)
$20 Eagle	$430-470	(£293½-320¾)
NoblePlat	$436¼-441	(£298¼-301½)

SILVER

Silver was fixed 0.7p an ounce lower for spot delivery in the London bullion market yesterday at 363.85p. US cent equivalents of the fixing levels were: spot 532.1c, down 0.5c; three-month 540.6c, down 1c; six-month 549.05c, down 0.7c; and 12-month 567.85c, down 1.25c. The metal opened at 364¼-365¼p (533-535c) and closed at 363¼-364¼p (532-534c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	363.85p	−0.70	362.5p	+5
3 months	372.50p	−1.20	371.5p	+2
6 months	383.65p	−1.00	—	—
12 months	397.50p	−1.35	—	—

LME—Turnover: 2 (13) lots of 10,000 ounces.

Cash 361.5p; three months high 372p, low 369p, final kerb 371-2p.

MEAT

Pigmeat sales: 12 (23) lots of 50 carcases, 3,250 kg.

Beef sales: 17 (0) lots of 20 sides.

PIGMEAT Month	Y'days close	+ or −	BEEF Y'days close	+ or −
April	—	—	—	—
May	102.00	+0.20	187.90	+0.50
June	101.70	−0.10	188.00	—
July	101.90	+0.40	185.00	−2.50
Aug	101.90	−0.10	183.50	+0.50
Sep	107.60	−0.40	176.00	−5.00

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 99.91p per kg lw (+0.81). GB—Sheep 265.52p per kg est dcw (−2.26). GB—Pigs 77.71p per kg lw (+1.11).

INDICES

FINANCIAL TIMES

Apr. 10	April 9	M'th ago	Year ago
—*	—*	—*	301.71

(Base: July 1 1952=100)

REUTERS

Apr. 10	April 9	M'th ago	Year ago
1835.9	1836.4	1854.8	1932.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	April 8	April 7	Month ago	Year ago
Spot	128.13	128.47	—	120.95
Fut.	126.78	126.43	—	124.52

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless eotherwise stated.

	Apr. 10 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1285/300	−15	$1270/290
Copper			
Cash h Grade	£970.5	+1.5	£987.5
3 mths	£990.5	+2.5	£1008.25
Gold Troy oz	$338.25	+2	$346.25
Lead Cash	£251.25	−3.25	£248
3 mths	£257.62	−2.38	£258.25
Nickel			
Free Mkt	192/202c	−1	186/205c
Palladium oz	$108.15	+0.50	$111.35
Platinum oz	$423.65	+2.55	$411.00
Quicksilver†	$230/235		$229/235
Silver troy oz	363.85p	−0.70	397.60p
3 months	372.50p	−1.20	408.65p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$64.98		$52.78
Wolfram 22.0lb	$48/56		$54/61
Zinc	£449	−1	£427
3 months	£460.25	−0.25	£439.5
producers	$850/780		$850/870
OILS			
Coconut (Phil)	$280x		$290
Palm Malayan	$270z		$260
SEEDS			
Copra Phil	$175	−5	$195
Soyabean (U.S.)	$155.5y	−1	$223.5
GRAINS			
Barley Fut.Sept.	£99.15	+0.10	£116.35
Maize	£130.00		£142.00
Wheat Fut July	£120.00	−0.10	£118.35
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1406.5	+2	£1545.5
Coffee Ft. July	£2342.5	+14.5	£2561.5
Cotton A Index	48.35c	−0.15	53.10c
Gas Oil June	$134.75	+6.25	$146
Rubber(kilo)	56.5p	+0.5	60p
Sugar (raw)	$222.y	+7.5	$169
Wooltops 64s	428p kilo		419p kilo

‡ Unquoted. † Per 75 lb flask. c Cents a pound. v May. y April-May. w June. x May-June. z July.

RUBBER

PHYSICALS — The London market opened steadier, attracted a little covering interest throughout the day and closed uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 56.50p (58.00p); May 54.25p (53.75p); June 54.75p (54.25p). The Kuala Lumpur fob price (Malaysian cents) per kg: RSS No 1 was 193.0 (194.0) and for SMR 20 178.0 (177.5).

COCOA

Futures opened virtually unchanged and, although rallying briefly during the afternoon, closed marginally lower on the day. Consumers continued withdrawn whilst producers expressed very limited interest at current market levels, reports Gill and Duffus.

COCOA	Latest Close £ per tonne	+ or −	Business Done
May	1396-1398	+0.5	1405-1387
July	1405-1407	+2.0	1415-1395
Sept.	1429-1430	—	1435-1425
Dec.	1451-1462	−4.5	1470-1459
March	1490-1492	−5.0	1501-1488
May	1509-1512	−4.5	1520-1510
July	1520-1530	−3.5	1525

Sales+ 3,022 (3,884) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for April 9: 88.75; five-day average for April 10: 88.37 (88.68).

COFFEE

Trade was quiet until the close when mixed trade and commission house buying lifted values. Physical interest was slow with light price fixing evident, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or −	Business Done
May	2290-2295	+24.0	2295-2225
July	2340-2345	+14.5	2355-2275
Sept.	2395-2400	+31.5	2400-2225
Nov.	2440-2445	+32.5	2441-2385
Jan	2480-2490	+27.5	2480-2415
Mar.	2460-2480	−10.0	2475-2468
May	2460-2520	−4.5	—

Sales: 2,671 (3.866) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 9: Comp. daily 1979 187.78 (189.63); 15-day average 188.24 (197.22).

SOYABEAN MEAL

Nearby positions remained steady on commercial support in an otherwise featureless market, reports Muirpace.

	Latest close £ per tonne	+ or −	Business Done
Apr.	155.0-158.0	−0.30	134.5
June	150.5-151.5	−0.15	131.5
August	128.5-128.8	−0.25	—
October	127.0-127.5	−0.25	127.0
Dec.	128.0-129.5	−0.10	—
Feb.	129.5-151.5	—	—
Apr.	151.5-132.5	—	—

Sales: 128 (270) lots of 20 tonnes.

GRAINS

Old crops were nervously steady before easing on trade selling, with May barley retreating on long liquidation. New crops steadied on a good volume of physical trade absorbing late commission house selling, reports T. G. Roddick.

WHEAT Mnth	Yesterday close	+ or −	BARLEY Yesterday close	+ or −
May	118.40	−0.10	114.60	−0.88
July	120.00	−0.10	—	—
Sept.	100.85	+0.28	99.15	+0.10
Nov	103.85	+0.26	102.50	+0.29
Jan	107.00	+0.25	105.70	+0.20
Mar	110.00	+0.25	108.35	+0.05

Business done—Wheat: May 118.60-8.35, July 120.20-20.00, Sept 101.00-100.85, Nov 103.85, Jan 107.05-6.95, Mar 110.00. Sales: 376 lots of 100 tonnes. Barley: May 15.30-4.50, Sept 99.20-9.15, Nov 102.60-2.50, Jan untraded, Mar 108.50-8.35. Sales: 108 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No. 1, 15 per cent. May 129.00, June 125.25 transhipment East Coast. US No. 2 soft red winter July 92.25, Aug 93.75. EC April 143.00. English feed fob April 120.60-121.00. May 121.50-122.00, June 122.60-122.75, Sept 102.25-103.00 buyers/sellers, Oct 105.00 buyers. Oct/Dec 107.00-108.00, Jan/March 112.00-112.50 buyers/sellers. April/June 117 buyers. Maize: US No 3 yellow/French transhipment East Coast April 130.00. Barley: English feed fob April 118.00, English 117.50, Scottish May 118.50 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: S East 112.20, S West 112.50, W Mids 112.20, N West 111.60. The UK monetary coefficient for the week beginning Monday April 14 will be 1.069.

US MARKETS

PRECIOUS METALS traded firmer on further dollar weakness and rumours of renewed US-Libyan tension, reports Heinold Commodities. Gains were held on technical support in spite of denial of US military action. A recovery in crude oil prices following initial follow-through losses was considered to be supportive to the metals. Renewed hopes expressed by President Reagan of a stabilisation in oil prices on a free market basis seemed to inspire short-covering. Copper gained strength in line with the precious metals in spite of reports of producer price cuts. Sugar recovered from early weakness as trade sources emerged as keen buyers following substantial liquidation by commission houses. Coffee received a technical setback following the brighter tone of the previous two days on nervous profit-taking in largely featureless conditions. Cocoa saw light follow-through buying interest in mainly dull trading after technical support was held in London.

Because of the temporary widening of the time gap between the US and Britain last night's New York and Chicago closing prices were not available for this edition. The prices shown are as at the previous day's close.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	55.70	—	—	55.95
May	55.85	56.35	55.85	56.00
June	56.10	—	—	56.35
July	56.35	56.80	56.35	56.50
Sept	56.75	—	—	56.90
Dec	57.25	—	—	57.40
Jan	57.40	57.80	57.80	57.55
May	58.00	—	—	58.15
July	58.30	58.50	58.50	58.45

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	18.15	1834	1806	1807
July	18.61	1881	1852	1858
Sept	1908	1925	1900	1900
Dec	1950	7968	1948	1959
March	1986	—	1985	1985
May	2006	2015	2015	2002
July	2025	—	—	2022

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
May	224.22	226.50	222.20	226.90
July	228.72	231.75	228.50	232.64
Sept	233.28	236.75	233.25	237.84
Dec	238.75	240.50	238.00	242.00
March	241.90	203.25	241.90	246.50
May	245.00	205.00	205.00	248.00
July	245.15	—	—	250.00
Sept	249.00	—	—	250.00

COPPER 25,000 lb; cents/lb

	Close	High	Low	Prev
April	63.90	—	—	63.05
May	64.15	64.25	63.15	63.35
June	64.50	64.00	64.00	63.75
July	64.85	64.95	63.80	64.00
Sept	65.40	65.45	64.40	64.60
Dec	66.05	66.15	65.25	65.25
Jan	66.25	—	—	65.45
May	67.05	66.60	66.60	66.25
July	67.45	—	—	66.60

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	62.55	62.70	60.95	61.00
July	63.13	63.58	62.05	62.23
Oct	39.15	39.25	38.50	38.95
Dec	39.16	39.20	38.45	38.80
March	40.20	40.25	39.50	39.77
May	41.05	41.10	40.35	40.52
July	41.56	42.00	41.50	41.03

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
May	13.15	13.40	12.20	12.47
June	13.15	13.36	12.20	12.49
July	13.15	13.39	12.25	12.52
Aug	13.40	13.45	12.45	12.68
Sept	13.46	13.60	12.55	12.81
Oct	13.60	13.70	12.70	12.93
Nov	13.59	13.60	13.15	13.06
Dec	13.80	13.80	13.05	13.20
Jan	13.65	13.66	13.07	13.22
Feb	13.76	13.75	13.10	13.24

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	339.3	340.0	338.0	340.0
May	340.4	—	—	341.1
June	342.2	343.3	338.6	342.9
Aug	345.6	346.4	342.0	346.2
Oct	348.8	349.0	348.5	349.4
Dec	352.2	353.0	348.2	352.9
Feb	355.7	356.0	354.0	356.5
April	358.8	355.5	355.5	359.7
June	362.1	360.7	360.7	363.1
Aug	365.6	365.5	365.5	366.7
Oct	369.2	—	—	370.5
Dec	373.1	371.5	371.5	374.5
Feb	377.2	—	—	378.7

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
May	40.90	41.70	38.25	39.10
June	38.90	39.55	36.60	37.28
July	38.70	38.10	36.30	37.00
Aug	39.10	39.30	37.00	37.25
Sept	40.00	39.00	38.50	37.90
Oct	40.90	41.10	38.50	38.65
Nov	41.50	41.50	—	39.40
Dec	42.00	42.20	40.25	40.20
Jan	42.90	42.80	41.00	40.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	95.45	95.50	94.00	94.75
July	94.70	94.70	93.45	93.70
Sept	94.00	94.15	93.00	93.00
Nov	93.85	93.45	92.70	92.80
Jan	93.10	93.25	92.25	92.60
March	93.65	93.75	93.10	93.10
May	94.40	94.50	93.50	93.50
July	94.80	—	—	93.90
Sept	94.80	—	—	93.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	428.7	430.0	422.0	426.4
July	431.0	434.8	425.0	428.9
Oct	433.8	436.5	427.5	431.7
Jan	436.5	438.0	431.5	434.4
April	439.1	441.0	438.0	437.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	536.4	533.0	533.0	537.6
May	538.5	541.5	530.5	540.0
June	541.6	538.0	538.0	543.2
July	544.8	548.0	537.0	546.5
Sept	551.2	553.0	545.0	552.9
Dec	560.6	566.0	564.0	562.5
Jan	563.8	—	—	565.8
May	576.4	570.0	570.0	578.6
July	582.8	586.0	586.0	585.1

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	9.37	9.39	9.01	9.22
July	9.35	9.35	9.01	9.20
Sept	9.33	9.30	9.00	9.23
Oct	9.30	9.32	8.95	9.10
Jan	9.30	—	—	9.23
March	9.55	9.58	9.28	9.41
May	9.68	9.70	9.47	9.56
July	9.78	9.78	9.60	9.65
Sept	9.86	—	—	9.73

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	58.07	55.25	54.40	54.70
June	55.12	56.25	54.05	54.42
Aug	53.97	53.97	53.15	53.27
Oct	53.30	53.50	53.00	53.00
Dec	54.70	54.90	54.30	54.65
Feb	54.90	54.90	54.35	54.90
April	56.00	56.00	55.85	56.10

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	40.80	41.00	40.10	40.37
June	42.15	42.45	41.70	41.97
July	42.37	42.65	41.95	42.02
Aug	41.15	41.57	41.10	41.10
Oct	38.42	38.70	38.10	38.30
Dec	40.45	40.70	40.45	40.25
Feb	42.30	42.50	41.93	41.82
April	39.90	—	39.90	39.85
June	42.22	42.90	42.05	42.75

MAIZE 5,000 bu min, cents/56lb—bushel

	Close	High	Low	Prev
May	228.2	232.6	228.0	233.2
July	220.6	226.4	220.4	227.4
Sept	204.6	207.2	204.4	208.4
Dec	201.2	203.4	201.0	204.0
March	209.6	212.2	209.4	213.0
May	213.6	216.2	213.6	217.4
July	214.4	217.4	214.4	218.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	52.95	53.80	52.25	52.47
July	54.30	54.80	53.55	53.70
Aug	53.17	53.75	52.40	52.40
Feb	58.55	58.65	57.85	57.97
March	58.30	58.45	58.20	57.60
May	60.10	60.10	—	59.80

SOYABEANS 5,000 bu min, cents/60lb—bushel

	Close	High	Low	Prev
May	523.0	528.0	520.6	528.6
July	520.0	525.4	517.4	526.6
Aug	519.2	522.2	517.0	526.0
Sept	510.0	514.4	509.4	517.0
Nov	508.6	513.4	507.0	514.5
Jan	517.2	521.4	516.4	523.6
March	526.4	531.4	525.0	532.4
May	532.0	535.4	531.0	540.0
July	537.0	—	—	544.4

SPOT PRICES—Chicago loose lard 11.50 (12.00) cents per pound. Handy and Harman silver bullion 535.0 (520.5) cents per troy ounce.

FREIGHT FUTURES

Dry cargo futures held steady. Short-covering featured in the April position at 700 but the index drifted on reported Gulf/Japan rates. Tanker rates eased back slightly in quiet conditions with no relevant news in a quiet physical market, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	700/701	700/699	700/701
July	672/673	675/673	675/677
Oct.	764/766	765/762	770/772
Jan.	775/776	775/770	782/785
April	850/875	—	865/866
July	740/750	—	735/755
Oct.	855/860	—	855/865
Jan.	810/900	—	805/900
BFI	701.5	—	705

Turnover: 213 (322).

	Close	High/Low	Prev.
Tankers			
April	760/800	775/770	785/795
May	765/800	770	765/780
June	760/800	765.5/765	755/800
Sept.	940/1000	—	930/1089
Dec.	929/1000	—	925/1000
Mar.	920/990	—	911/1000
BTI.	787	—	808.5

Turnover: 48 (62).

SUGAR

LONDON DAILY PRICE—Raw sugar $222.00 (£152.00), up $7.50 (up £5.00) a tonne for April-May delivery. White sugar $237.00, up $6.50.

Reports that China had purchased 5-10 cargoes on Wednesday lifted May to 213. Profit-taking emerged which found little fresh buying at the highs and prices fell back, reports C. Czarnikow.

The London prices are not closing levels due to the temporary increased time difference between London and New York.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
May	205.6-204.8	206.6-207.0	215.0-202.
Aug	208.4	208.4-208.0	211.8-205.4
Oct	204.8-205.6	205.8-206.0	211.5-204.6
Dec	209.0-210.0	209.0-212.0	—
Mar	208.5	211.6	216.4-210.0
May	215.0-218.8	211.5-215.0	—
Aug	229.0	212.0-216.8	—

Sales: 5,127 (3,457) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £259.50 (£254.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 8: Daily price 8.96 (9.25); 15-day average 8.20 (8.07).

No 6 cif contract—May 223.4 bid; Aug 229.0 bid; Oct 224.4 bid. Sales: 806 lots of 50 tonnes.

POTATOES

Nearby April expired at noon leaving 190 contracts for tender. The last trading price was £118. May opened steady but a decline in confidence following the April close found buyers retreating and some aggressive selling pushing prices down. New crop eased after a firmer opening but volume was limited. Profit-taking on earlies trimmed the values after the recent rise, reports Coley and Harper.

Month	Latest close	Previous close	Business done
	£ per tonne		
Apr	118.00	120.00	124.00-118.5
May	146.70	141.40	152.50-145.5
Nov	86.00	85.00	86.80
Feb	93.50	93.00	—
Apr	116.00	114.60	117.90-115.8

Sales+ 984 (985) lots of 40 tonnes. Earlies—July 108.30, −1.70, 109.00-7.00; Aug 75.00, −2.50; Sept 71.00, −1.50. Sales: 39 lots of 10 tonnes.

OIL

May Brent traded twice at $13.25 and May was exchanged into June at a premium of 45c. May WTI opened 35c up on Nymex and gained a further 35c before easing slightly to trade at 60c up at 12.15 EST. In the petroleum products market heavy fuel was little changed in thin trade. Light products continued to firm in line with US prices. Gas oil was still strong on German demand — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	10.75-11.00*	+0.15
Brent Blend	13.70-15.00	+0.45
W.T.I. (1pm est)	13.60-13.75*	+1.00
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	152-158	+4.5
Gas Oil	166-169	—
Heavy fuel oil	63-66	—
Naphtha	118-122	+2

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Latest Close $ US per tonne	+ or −	Business Done
May	146.25	+8.25	147.00-38.50
June	134.75	+6.25	135.00-26.50
July	129.50	+5.75	130.50-24.00
Aug	129.00	+5.00	130.50-25.00
Sep	131.25	+4.25	132.25-26.00
Oct	133.00	+3.00	134.50-32.00

Turnover: 3,634 (3,898) lots of 100 tonnes.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar confined to narrow range

The dollar showed little overall change in currency markets yesterday in rather lacklustre trading. The US unit took heart from signs that the group of five nations had no immediate plans to push the dollar still weaker but this was countered by suggestions that an orderly decline would not be desisted.

Whil, showing some satisfaction at the current level of the dollar there were signs that a further appreciation of the Japanese yen would be sought. This is in direct contrast to recent statements from the Bank of Japan stressing that the yen had risen far enough.

Against this background and the proximity of next week's meeting of Opec ministers, there was little incentive to push the dollar outside its recent trading range. It closed at DM 2.3340 against the D-mark unchanged from Wednesday and Y179.20 from Y179.85. Elsewhere it finished at SFr 1.9515 from SFr 1.9510 and FFr 7.4275 compared with FFr 7.4325. On Bank of England figures, the dollar's exchange rate index rose to 119.6 from 119.5.

STERLING — Trading range against the D-mark at DM 3.4175 against the dollar in 1986 is 1.4681. Exchange rate index 75.9 from 75.8 on Wednesday. The six months ago figure was 80.0.

Sterling recovered from an easier start in rather quiet trading. There were no fresh factors to influence trading although domestic interest rates were a touch firmer following a signal from the Bank of England that another cut in base rates now would be unwelcome. The pound closed at $1.4645, a fall of just 5 points from Wednesday. It was slightly easier against the D-mark at DM 3.4175 from DM 3.4200 and Y262.50 from Y263.50. Against the French franc it slipped to FFr 10.8775 from FFr 10.8875 but was unchanged against the Swiss franc at SFr 2.8575.

D-MARK — Trading range 1.5115 to 1.3770. March average 2.4710 to 2.1990. March average 2.2677. Exchange rate index 133.4 against 127.7 six months ago.

The D-mark was held in a narrow range against the dollar with conflicting factors removing the desire to push it beyond its recent levels. The dollar closed at DM 2.3315 from DM 2.3290. Elsewhere the D-mark was under pressure against the French franc and attracted further central bank support.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.75 to 175.00. March average 178.65. Exchange rate index 195.1 against 170.3 six months ago.

The yen was confined to a narrow range against the dollar in Tokyo yesterday with the US unit finishing at Y179.80 compared with Y180.05 in New York and Y180.20 in Tokyo on Wednesday. There was no clear consensus after the recent meeting of finance ministers with the Bank of Japan probably less willing than other central banks to see the yen appreciate still further. Early dollar demand was based on speculation ahead of a statement from President Reagan concerning further military steps against Libya. However the absence of any military directives encouraged profit taking later in the day.

£ IN NEW YORK

Close	April 10	Prev. close
£ Spot	$1.4690-1.4700	$1.4685-4665
1 month	0.49-0.46pm	0.46-0.46pm
3 months	1.26-1.22pm	1.19-1.16pm
12 months	3.57-3.57pm	3.52-3.43pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

April 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4580-1.4655	1.4640-1.4650	0.48-0.46c pm	3.89	1.25-1.20 pm	3.34
Canada	2.0189-2.0355	2.0295-2.0325	0.14-0.03c pm	0.50	0.37-0.22 pm	0.58
Nethlnd.	3.82¼-3.85½	3.84½-3.85½	1⅞-1⅝c pm	5.46	4⅞-4⅝ pm	4.93
Belgium	68.90-69.47	69.30-69.40	13-7c pm	1.55	38-29 pm	1.85
Denmark	12.51¼-12.57¾	12.55½-12.56½	2¾-2ore pm	2.31	7¾-6¾ pm	2.30
Ireland	1.1145-1.1240	1.1210-1.1220	0.05-0.15c dis	−1.06	.12-.42 dis	−0.95
W. Ger.	3.3995-3.4190	3.4170-3.4180	1½-1¼pf pm	5.70	5-4½ pm	5.64
Portugal	218.45-227.19	216.52-226.95	160-415c dis	−15.54	435-1210ds	−14.81
Spain	214.77-215.87	215.57-215.87	15-75c dis	−2.50	80-165 dis	−2.30
Italy	2328-2341½	2337-2338	par-7lire dis	−1.79	6-16 dis	−1.88
Norway	10.86¼-10.89¾	10.88½-10.89½	1⅞-2ore dis	−2.10	7⅞-9ore dis	−2.94
France	10.81½-10.88¾	10.87½-10.88	3-2½c pm	2.89	7¾-6½ pm	2.58
Sweden	10.75-10.80¼	10.79½-10.80½	½ pm-½ore dis	−0.57	½ pm-1 dis	−0.72
Japan	262-263¾	262-263	1½-1¼y pm	5.71	3¾-3½ pm	5.33
Austria	23.85-24.01	23.92-23.96	12-11½gro pm	5.88	30¼-27¼ pm	4.80
Switz.	2.84¾-2.86	2.85½-2.86	1⅝-1½c pm	6.82	4½-4¼ pm	6.12

Belgian rate is for convertible francs. Financial franc 69.55-69.85. Six-month forward dollar 2.12-2.07c pm. 12-month 3.68-3.53c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4580-1.4655	1.4640-1.4650	0.49-0.46c pm	3.89	1.25-1.20 pm	3.34
Ireland†	1.3025-1.3084	1.3048-1.3058	0.55-0.40c pm	4.31	1.30-1.00 pm	3.51
Canada	1.3828-1.3888	1.3873-1.3878	0.37-0.40c dis	−3.33	0.93-0.97dis	−2.74
Nethlnd.	2.6185-2.6375	2.6285-2.6295	0.34-0.32c pm	1.51	0.99-0.87 pm	1.41
Belgium	47.21-47.45	47.30-47.40	7-10c dis	−2.16	14-19 dis	−1.39
Denmark	8.56½-8.60¾	8.57¼-8.57¾	0.25-0.75ore dis	−0.69	1-1.50 dis	−0.58
W. Ger.	2.3245-2.3395	2.3335-2.3345	0.41-0.36pf pm	1.98	1.36-1.30 pm	2.27
Portugal	153.00-153.90	153.10-153.60	180-330c dis	−19.19	425-860dis	−17.94
Spain	146.95-147.60	147.25-147.35	66-85c dis	−6.52	195-245dis	−5.98
Italy	1593-1600	1595½-1596½	7-8lire dis	−5.63	29½-32 dis	−5.29
Norway	7.28¾-7.30¾	7.30-7.30½	3.80-4.20ore dis	−6.57	11¾-12¼dis	−6.57
France	7.4000-7.4400	7.4250-7.4300	0.40-0.50c dis	−0.74	0.95-1.25ds	−0.58
Sweden	7.36-7.38¼	7.37¼-7.37¾	2.20-2.30ore dis	−3.82	6.25-6.75ds	−3.52
Japan	179.00-180.15	179.10-179.20	0.34-0.28y pm	2.06	0.97-0.87 pm	2.04
Austria	16.327-16.393	16.367-16.372	3.0-2.4gro pm	1.98	7.50-6.50 pm	1.58
Switz.	1.9455-1.9610	1.9510-1.9520	0.50-0.45c pm	2.92	1.40-1.35 pm	2.81

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 47.55-47.65.

EURO-CURRENCY INTEREST RATES

April 10	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11¼-11⅛	11¼-11⅛	10⅞-11	10⅝-10½	9⅞-9⅞	9⅞-9½
U.S. Dollar	6⅞-7⅛	6⅞-7⅛	6⅞-7	6¾-6⅞	6¾-6⅞	6⅞-6⅞
Can Dollar	10-10⅛	9⅞-10⅛	9⅛-9⅝	9⅛-9⅝	8⅞-9⅛	8¾-9
D Guilder	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5⅛	5⅛-5¼
Sw. Franc	3-3¼	3¾-3	4⅛-4⅜	4-4⅛	3⅞-4⅛	3⅞-4
Deutschmrk	5-5⅛	4¾-5	4⅝-4¾	4⅞-4⅞	4⅝-4¾	4⅝-4⅛
Fr. Franc	8⅛-8¼	7⅞-8⅛	7⅞-7⅞	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛
Italian Lire	10-12	10⅝-12⅛	11¼-12	11¼-12⅛	12-12½	12-12⅝
B.Fr.(Fin)	11⅛-11	10-10¼	9-9¼	8⅝-8⅝	7⅞-8⅛	7⅝-7⅞
B.Fr.(Con)	11¾-12¾	9⅛-11¼	9-9⅛	8¼-8¾	7½-8	7¼-7¾
Yen	5¼-5⅝	5⅛-5¼	4⅞-5	4⅞-4⅞	4⅞-4⅝	4⅛-4⅛
D. Krone	8⅛-9	8½-9	8-8⅛	7⅛-8	7¼-7¾	7¼-7¾
Asian $ (Sng)	6⅞-7	6⅞-6⅞	6¾-6⅞	6¾-6⅞	6¾-6⅞	6¾-6⅞

Long-term Eurodollars: two years 7⅛-7⅜ per cent; three years 7⅜-7⅝ per cent; four years 7⅝-7⅞ per cent; five years 7⅞-8⅛ per cent nominal. Short-term rates are call for US dollars and Japanese yen: others two days' notice.

EXCHANGE CROSS RATES

Apr. 10	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.465	3.334	179.2	7.428	1.959	2.629	1596.	2.031	47.36
$	0.683	1.	1.594	122.4	5.072	1.333	1.795	1090.	1.387	32.33
DM	0.488	0.627	1.	76.78	3.182	0.836	1.126	683.8	0.870	20.29
YEN	5.580	8.172	13.02	1000.	41.45	10.89	14.67	8906.	11.33	264.2
F Fr.	1.346	1.972	3.142	241.3	10.	2.627	3.540	2149.	2.734	63.74
S Fr.	0.512	0.750	1.196	91.83	3.806	1.	1.347	817.8	1.041	24.26
H Fl.	0.380	0.557	0.888	68.16	2.825	0.742	1.	607.1	0.773	18.01
Lira	0.627	0.918	1.462	112.3	4.654	1.223	1.647	1000.	1.273	29.67
C $	0.492	0.721	1.149	88.23	3.657	0.961	1.294	785.6	1.	23.31
B Fr.	2.112	3.093	4.929	378.5	15.69	4.121	5.552	3371.	4.289	100.

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

CURRENCY MOVEMENTS

April 10	Bank of England Index	Morgan* Guaranty Change %
Sterling	75.9	−15.3
U.S. dollar	119.6	+9.9
Canadian dollar	79.7	−11.3
Austrian schilling	124.3	+7
Belgian franc	94.9	+7.2
Danish Kroner	84.4	−1.4
Deutsche mark	133.4	+13.4
Swiss franc	154.5	+14.5
Guilder	123.1	+8.4
French franc	68.2	−14.1
Lira	45.7	−19.2
Yen	195.1	+42.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).
* Morgan Guaranty rates are for April 9.

CURRENCY RATES

April 10	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.775173	0.631191
US $	7	1.13214	0.928802
Canadian $	10.14	1.56496	1.27734
Austria Sch	4	18.5071	15.1155
Belgian Fr	8¾	55.6068	44.7639
Danish Kr	7	9.67414	7.94025
D'mark	3½	2.63881	2.15640
Guilder	4½	2.97017	2.42854
French Fr	9½	8.39536	6.86865
Lira	14	1807.26	1476.48
Yen	4	203.049	165.781
Norway Kr	8	8.23519	6.73599
Span'h Pta	—	166.651	135.956
Swedish Kr	8½	8.31953	6.81165
Swiss Fr	4	2.22196	1.80177
Greek Drch	20½	164.653	134.065
Irish Punt	—	0.863570	0.707942

* SDR rates for April 9.

OTHER CURRENCIES

April 10	£	$
Arg'tina	1.2142-1.2166	0.8300-0.8310
Aus'alia	2.0480-2.0520	1.3987-1.4002
Brazil	20.1386-20.2548	13.77-13.84
Finland	7.6665-7.6782	5.2390-5.2420
Greece	212.11-212.94	144.90-145.40
H'kong	11.4188-11.4295	7.8050-7.8080
Iran	118.75*	81.30*
Kuwait	0.4255-0.4265	0.29085-0.29125
Lux'burg	69.30-69.40	47.30-47.40
Malaysia	3.90872-3.89468	2.6290-2.6330
N'Z'land	2.6620-2.6720	1.8181-1.8231
Saudi Ar	5.3390-5.3440	3.6495-3.6500
Sin'pore	3.2072-3.2145	2.1940-2.1960
S.Af. (Cm)	3.0070-3.0133	2.0533-2.0575
S.Af. (Fn)	4.5298-4.5765	3.0931-3.1250
U.A.E.	5.3725-5.3780	3.6725-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	43.6761	43.7639	+0.20	+0.20	±1.5388
Danish krone	7.91896	7.94025	+0.27	+0.27	±1.6408
German D-mark	2.13834	2.15640	+0.84	+0.84	±1.1202
French franc	6.96280	6.86565	−1.40	−1.40	±1.3701
Dutch guilder	2.40935	2.42854	+0.80	+0.80	±1.5081
Irish punt	0.712956	0.707942	−0.70	−0.70	±1.6669
Italian lira	1496.21	1476.48	−1.32	−1.32	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Resisting a fall

Long-term gilt futures and three-month sterling deposit futures retreated on the London International Financial Futures Exchange, on news from the cash market, but the gilt contract finished stronger on the day. June gilts opened at the day's low of 127-16, and rose to a peak of 128-20, before news that the Bank of England had refused to buy bills from discount houses led to a bout of selling. Instead of buying bills the central bank lent money to the houses at a penal rate, indicating that there will be no further cut in clearing bank base rates in the immediate future. Sentiment remained good however, and there was a general reluctance to sell the contract. Market sources said that jobbers made repeated attempts to push the contract below 128-00, but resistance was seen at that level, and June gilts closed at 128-01, compared with 127-27.

June US Treasury bonds opened weaker, on indications the Bank of Japan was not prepared to cut its discount rate, which appeared to set back hopes of a reduction in the US Federal Reserve's discount rate. After opening at 102-30 June Treasury bonds touched a peak of 103-08, as Chicago dealers entered as buyers. It closed in London at 103-04, compared with 103-15 on Wednesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	12.08	13.00	—	—	0.04	0.48	—	—
118	10.12	11.21	—	—	0.10	1.03	—	—
120	8.22	9.49	—	—	0.20	1.31	—	—
122	6.41	8.19	—	—	0.39	2.01	—	—
124	5.06	6.62	—	—	1.04	2.44	—	—
126	3.48	5.50	—	—	1.45	3.32	—	—
128	2.42	4.47	—	—	2.40	4.29	—	—
130	1.50	3.52	—	—	3.48	5.34	—	—
132	1.09	3.02	—	—	5.07	6.48	—	—

Estimated volume total: Calls 707, Puts 297
Previous day's open interest: Calls 8,287, Puts 2,066

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	11.10	11.01	—	—	0.02	0.37	—	—
94	9.13	9.22	—	—	0.05	0.58	—	—
96	7.20	7.52	—	—	0.12	1.24	—	—
98	5.36	6.25	—	—	0.28	1.62	—	—
100	4.01	5.10	—	—	0.57	2.45	—	—
102	2.46	4.05	—	—	1.38	3.41	—	—
104	1.45	3.10	—	—	2.38	4.46	—	—
106	1.01	2.26	—	—	3.57	5.62	—	—
108	0.35	1.50	—	—	5.27	—	—	—

Estimated volume total: Calls 199, Puts 48
Previous day's open interest: Calls 833, Puts 1,282

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	26.40	—	—	—	0.00	
1.25	21.40	—	21.40	21.40	0.00	—	0.03	0.43
1.30	16.40	16.40	16.40	16.40	0.00	0.03	0.17	1.00
1.35	11.40	11.40	11.40	11.62	0.00	0.22	0.60	2.02
1.40	6.40	6.79	7.15	8.25	0.00	0.90	1.85	3.65
1.45	1.80	3.48	4.10	5.56	0.44	2.59	3.60	5.96
1.50	0.08	1.43	2.06	3.54	3.72	5.54	6.56	8.94

Estimated volume total: Calls 96, Puts 0
Previous day's open interest: Calls 5,464, Puts 6,623

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	26.30	—	—	—	0.05	—
1.25	—	—	21.30	21.30	—	—	0.10	0.70
1.30	—	—	16.30	16.30	—	—	0.30	1.25
1.35	11.60	11.60	11.30	12.00	0.05	0.40	0.80	2.20
1.40	6.60	6.60	7.30	8.50	0.05	1.10	1.60	3.90
1.45	1.80	3.50	4.20	5.60	0.40	2.50	3.60	6.30
1.50	0.05	1.40	2.10	3.70	4.00	5.90	6.50	9.10

Previous day's open interest: Calls 4,729, Puts 3,580
Volume: 572

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	0.50	—
1.35	—	—	—	—	—	—	1.40	—
1.40	—	—	—	—	—	—	3.35	—
1.45	2.25	—	—	—	—	—	—	—
1.50	0.10	—	1.95	—	3.10	—	—	—

Previous day's open interest: Calls 57,903, Puts 44,525
Previous day's volume: Calls 461, Puts 903

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
90.00	3.34	—	—	—	0.00	—	—	—
90.50	2.84	2.91	—	—	0.00	0.00	—	—
91.00	2.34	2.41	—	—	0.00	0.00	—	—
91.50	1.84	1.91	1.84	—	0.00	0.00	0.02	—
92.00	1.34	1.42	1.37	—	0.00	0.01	0.05	—
92.50	0.85	0.95	0.94	—	0.01	0.04	0.12	—
93.00	0.40	0.54	0.57	—	0.06	0.13	0.25	—

Previous day's open interest: Calls 2,752, Puts 1,978
Volume: 151

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	103-01	103-04	102-17	103-04
Sept	102-10	102-13	101-25	102-13
Dec	101-20	101-21	101-07	101-22
March	99-14	—	—	100-31
June	100-05	100-05	100-02	100-10
Sept	9-17	9-17	9-14	98-22
Dec	8-31	8-31	8-27	99-03
March	—	—	—	98-17
June	7-28	7-28	7-28	98-00
Dec	—	—	—	97-03

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	94.39	4.39	94.36	93.42
Sept		4.53	94.48	94.56
Dec	94.45	4.46	4.43	94.50
March	94.30	4.30	4.27	94.35
June	94.14	4.14	4.10	94.18
Sept	93.99	93.99	93.97	94.04
Dec	—	93.84	93.83	93.91
March	93.72	—	93.72	93.78

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.67
Sept	—	—	—	93.75
Dec	3.58	3.58	3.58	93.63
March	3.39	3.39	3.39	93.44

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.34	93.35	93.30	93.37
Sept	93.41	93.41	3.37	93.45
Dec	93.31	93.32	3.28	93.34
March	93.12	93.12	3.08	93.15
June	92.92	92.92	2.89	92.96
Sept	—	2.73	2.72	92.78
Dec	—	2.57	2.55	92.62
March	2.40	2.40	2.39	92.45

STERLING INDEX

	April 10	Previous
8.30 am	75.6	76.0
9.00 am	75.7	75.8
10.00 am	75.8	75.6
11.00 am	75.7	75.5
Noon	75.8	75.7
1.00 pm	75.8	75.0
2.00 pm	75.9	75.6
3.00 pm	75.9	75.7
4.00 pm	75.9	75.8

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	128-01	128-20	127-17	125-29
Sept	128-09	128-25	128-16	128-07
Dec	128-07	128-10	128-10	128-05
March	128-03	—	—	128-01

Estimated volume 9,039 (11,994)
Previous day's open int 11,043 (10,750)
Basis quote (clean cash price of 13% Treasury 2004-08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	102-38	102-50	102-25	101-09

Estimated volume 324 (536)
Previous day's open int 954 (920)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.55	90.68	90.48	90.23
Sept	91.19	91.29	91.13	90.73
Dec	91.41	91.51	91.38	90.93
March	91.47	91.56	91.42	91.02
June	91.40	91.43	91.30	90.95

Estimated volume 4,566 (5,567)
Previous day's open int 17,067 (16,801)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	171.65	172.40	169.10	174.55
Sept	173.90	—	—	176.80
Dec	176.40	—	—	179.30

Estimated volume 466 (569)
Previous day's open int 2,034 (1,919)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.34	93.35	93.30	93.06
Sept	93.41	93.42	93.37	93.08
Dec	93.32	93.34	93.29	93.02
March	93.12	93.15	93.10	92.87
June	92.93	—	—	92.72
Sept	92.76	—	—	92.57
Dec	92.58	—	—	92.43

Estimated volume 3,054 (4,430)
Previous day's open int 18,574 (19,001)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	103-04	103-08	102-17	102-01
Sept	102-14	—	—	101-15
Dec	101-24	—	—	100-27

Estimated volume 4,804 (8,963)
Previous day's open int 7,060 (6,185)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4645	1.4598	1.4523	1.4436	1.4285

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.4540	1.4565	1.4526	1.4585
Sept	1.4450	1.4465	1.4445	1.4500
Dec	1.4370	1.4405	1.4370	1.4405

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4550	1.4550	1.4518	1.4484
Sept	1.4460	—	—	1.4385
Dec	1.4385	—	—	1.4307

Estimated volume 64 (33)
Previous day's open int 2,303 (2,315)

MONEY MARKETS

Bank of England checks fall

The Bank of England sent a signal to the London money market yesterday, that another cut in clearing bank base rates would not be welcomed in the immediate future. Dealers commented that the market still expects lower base rates, but not before next week's resumed meeting of Opec ministers. Three-month interbank rase to 10⅜-10⅞ per cent from 10⅛-10⅜ per cent on the move by the authorities, and overnight money closed at 25 per cent. The high overnight level was the result of under assistance from the authorities, leaving the market over £250m short. The central bank declined to buy bills after lunch, but lent money to the discount houses at a penal rate of 11¾ per cent, in a move to push up short-term notes. But the houses, who are reluctanct to sell bills to the Bank of England at present dealing rates, in expectation of lower interest rates, anticipated the authorities' move and borrowed in the market at around 11 per cent, pshing about half the forecast shortage into the interbank market.

The Bank of England forecast a money market shortage of £500m, and provided total help of £232m. Before lunch the authorities bought £77m bills outright, by way of £60m local authority bills in band 2 at 10⅛ per cent; £1m bank bills in band 2 at 10⅛ per cent; and £6m bank bills in band 3 at 10⅞ per cent.

In the afternoon the Bank of England lent £155m to the discount houses, for seven days at 11¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £673m, with a rise in the note circulation absorbing £25m. These outweighed Exchequer transactions adding £180m to liquidity.

In Frankfurt call money touched 5.50 per cent in places, compared with 4.40 per cent on Wednesday, as the very large intervention by central banks drained liquidity from the money market. The Bank of France has been particularly active buying D-marks, to prevent the German currency falling below its floor within the EMS, against the French franc.

The D-mark was fixed slightly above its floor in Paris yesterday, for the first time this week. Dealers estimate that support for the D-mark so far this week may be as high as DM 7bn, and that this was the reason for the Bundesbanks relatively large supply of liquidity to the money market this week, through a securities repurchase agreement of DM 15.1bn. Although DM 16.9bn flowed out of the market, as an earlier agreement expired, the new agreement was expected to be only about DM 10bn, to offset payment of up to DM 6bn in Bundesbank profit to the Federal Government. Money which will find its way into the market.

UK clearing banks base lending rate 11 per cent since April 8

NEW YORK RATES

(Lunchtime)

Prime rate	9
Broker loan rate	8-8⅝
Fed funds	7⅜
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	5.83
Two month	6.06
Three month	6.16
Six month	6.28
One year	6.35
Two year	6.58
Three year	6.70
Four year	6.82
Five year	6.97
Seven year	7.07
10 year	7.24
30 year	7.32

MONEY RATES

April 10	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.75-5.50	4.35-4.50	4.35-4.50	4.35-4.50	4.35-4.50	5.5
Paris	8⅛	7¾-7⅞	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	8¼
Zurich	⅞-1⅛	3⅞-4	—	3⅞-4	—	—
Amsterdam	4⅝-4⅞	5⅛-5¼	—	5⅛-5¼	5⅛-5¼	—
Tokyo	4.78125	5.09375	—	—	—	—
Milan	14⅝-15	13⅞-14¼	—	14⅛-14⅛	—	—
Brussels	10.0	8¾-8⅞	—	8⅝-8⅛	—	—
Dublin	13-13¼	12-12½	10⅞-11⅛	10⅝-11⅛	10¼-10½	—

FT LONDON INTERBANK FIXING

(11.00 a.m. April 10)

Three months US dollars		Six months US dollars	
bid 6⅝	offer 6⅞	bid 6¾	offer 6⅞

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

April 10	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-25	10⅞-11½	10⅝-10⅞	10⅛-10⅞	9¾-9⅞	9⅞-9¾
Sterling CDs	—	—	10⅛-10⅞	10⅛-10¼	9⅞-9⅞	9⅞-9⅞
LocalAuthorityDepos	11-11¼	10¾-11¼	10⅞	10⅝	9⅞	9¾
Local Author'y Bonds	—	—	11¼	10¾	10¼	10
Discount Mkt Depos	11-12½	10¾-11	10½	10	—	—
Company Depos	11¼-11½	11⅛	10⅞	10⅝	—	—
Finance House Depos	—	—	10¾	10¼	9⅞	9¾
Treasury Bills (Buy)	—	—	10¾	10⅞	—	—
Bank Bills (Buy)	—	—	10⅛-10⅞	10⅛-10⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	11⅛	10⅞	10⅞	—
Dollar CDs	—	—	6.75-6.80	6.65-6.70	6.60-6.65	6.65-6.70
SDR Linked Depos	—	—	6⅛-6¾	6⅜-6⅝	6⅞-6⅞	6⅞-6⅞
ECU Depos	—	—	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛

Treasury Bills (sell): one-month 10⅝ per cent; three-months 10⅜ per cent. Bank Bills (sell): one-month 10⅝-10⅝ per cent; three-months 10⅜-10⅜ per cent. Treasury Bills: Average tender rate at discount 10.7009 per cent. ECGD Fixed Finance Scheme IV reference date March 5 to April 1 (inclusive): 11.677 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from April 1 1986. Bank Deposit Rate for sums at seven days' notice 5½-6 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 10⅝ per cent; three-six months 10⅝ per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 10 per cent from April 9. Deposits held under Series 5 10 per cent. Deposits withdrawn for cash 6½ per cent.

Personal

Legal Notices

00231 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
EQUITY CAPITAL FOR INDUSTRY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 24th March, 1986 sanctioning a scheme of arrangement and confirming the reduction of the capital of the above-named Company from £31,880.00 to £11,148,410.40 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 27th March, 1986.

HERBERT SMITH & CO., of
Watling House,
35/37, Cannon Street,
London EC4M 5SD.
Solicitors for the above-named Company.

IN THE MATTER OF
WESTGLEN FASHIONS LIMITED
T/A REPLAY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of 30 Eastbourne Terrace, London W2 6LF, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 4th day of April, 1986.
K. D. GOODMAN,
Liquidator.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 9, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of April 9 at 11.00 a.m.
3 months: 6⅝ 6 months: 6⅝

ECU=$US.926268 SDR1=$US1.3025
Sibor as of April 9 at 11.00 a.m.
3 months: 6⅝ 6 months: 6⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	6.9131
Algeria	Dinar	4.80
Andorra	Fr. Franc	7.398
	Sp. Peseta	147.50
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (7)	0.831

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.398
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	2.85
Guinea Bissau	Peso	170.479
Guinea Rep	Franc (9)	340.00
Guinea Rep	Franc	300.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	770.50
Peru	Inti. (o) (6)	13.95
Philippines	Peso	20.49
Pitcairn Is.	N.Z. Dollar	1.8222
Poland	Zloty (o) (5)	166.51
Portugal	Escudo	152.25
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	1986 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99¼	95⅝	Treas 3pc 1986	99¼	+1/16	3.03	10.96
99 13/16	99 1/16	Exch. 10½pc 1986.	99 13/16		10.51	10.95
100 1/16	99⅛	Treas 12pc 1986.	99⅛		11.99	11.00
99 7/16	98⅛	Treas 8½pc 1984-86‡‡	99 7/16		8.54	10.24
102¼	100½	Exch 14pc 1986	102¼xd	+1/16	13.69	9.73
97 3/16	94⅞	Exch. 2½pc 1986	97 3/16	+1/16	2.57	7.25
102 11/16	100⅝	Exch. 13¼pc 1987	102 11/16	+1/16	12.90	9.53
100½	97 3/16	Treas 10¼pcCv '87	100½		10.20	9.55
95 13/16	92 13/16	Exch 2½pc 1987	95 13/16	+1/16	2.61	7.37
101	97⅛	Exch. 10½pc 1987	101xd		10.40	9.41
97 11/16	93⅝	Funding 6½pc '85-87‡‡	97 11/16xd	+1/16	6.65	8.86
100¾	96 11/16	Treas. 10pc 1987	100¾	+1/16	9.93	9.28
94 5/16	90⅞	Treas 3pc 1987	94 5/16		3.18	7.83
103⅝	99⅛	Treas. 12pc 1987	103⅝xd		11.57	9.36
98⅛	92 13/16	Treas 7¾pc 1985-88‡‡	98⅛	+⅛	7.90	8.80
103 5/16	96⅛	Exch 10½pc '88	103 5/16xd	+1/16	10.29	8.88
101⅞	95⅛	Treas 9¾pc Cv '88	101⅞		9.57	8.77
90¼	86⅝	Transport 3pc '78-88	90¼		3.31	7.59
101 1/16	93 15/16	Treas. 9½pc '88	101 1/16xd	+1/16	9.40	9.02
106 1/16	98 3/16	Treas 11½pc 1989	106 1/16	+⅛	10.84	9.04
101 11/16	93⅛	Treas 9½pc Cnv. '89	101½xd	-1/16	9.36	8.93
88¾	82 3/16	Treas 3pc 1989	88¾xd	+⅛	3.38	7.13
103 13/16	95 1/16	Treas 10½pc 1989	103 13/16		10.11	9.08
102¾	90⅛	Exch. 10pc 1989	102¾	+1/16	9.73	9.02
105¾	97	Exch 11pc 1989	105¾	+1/16	10.40	9.01
90⅞	84⅛	Treas 5pc 1986-89	90⅞xd	+¼	5.50	8.03
109 13/16	94⅝	Exch 10¼pcCv '89	109 1/16xd	-⅛	9.37	7.22
112¼	103 5/16	Treas 13pc 1990‡‡	112 11/16	-1/16	11.54	8.94
106 11/16	97⅛	Exch 11pc 1990‡‡	106⅝	-1/16	10.32	8.91
111⅝	101 13/16	Exch. 12½pc 1990	111⅝		11.20	8.93
85⅝	79⅝	Treas. 3pc 1990	85 5/16xd	-1/16	3.52	7.23
98⅛	89⅛	Treas 8¼pc 1987-90‡‡	98⅛	+1/16	8.39	8.71
104 5/16	93	Treas. 10pcCv 1990	104 5/16xd		9.59	8.83
82⅛	76½	Exch 2½pc 1990	82⅛	+⅛	3.04	7.11
111 1/16	99 1/16	Treas 11¾pc 1991	111¼	-1/16	10.57	8.82
93	83 5/16	Funding 5¾pc '87-91‡‡	92⅞xd	+¼	6.19	7.49

Five to Fifteen Years

1986 High	1986 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
109¾	96 3/16	Exch. 11pc 1991	109¼xd		10.07	8.85
117⅞	103⅝	Treas 12¾pc 1992‡‡	117⅛		10.86	8.83
106⅝	92 3/16	Treas 10pc 1992	106⅝	-⅛	9.41	8.61
108½	94 3/16	Treas 10½pc Cv 1992‡‡	108½xd	-⅛	9.69	8.72

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

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Financial Times Friday April 11 1986

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
106	82	Midland Inds	109	.....	4.0	2.1	5.5	12.5
78½	61	Mitchell Cotts	66	.....	4.25	1.5	9.1	9.30
109	81	Monks & Crane 10p	105	.....	†2.7	2.7	3.7	14.2
275	210	Morgan Crucible	246	–2	M8.5	1.6	4.9	17.1
22½	15½	Morris (W) F.A. 20p	22	+2	g0.5	♦	3.2	♦
113	98	Moss (Robt.) 10p	98	.....	†3.0	2.7	4.3	10.5
100	65	Myson Grp 10p	99	.....	2.65	♦	4.0	♦
350	259	NMW Computers	335	.....	6.0	♦	0.9	21.8
40	27	Nash Inds	33	.....	0.5	—	2.1	—
28	16	Neil & Spencer 10p	19	–1	—	—	—	5.7
34	28	Newman Inds 10p	28	.....	0.8	♦	4.1	♦
65	50	Nolton	55	.....	0.95	5.9	2.5	7.6
130	96	Norank Systems 5p	110	+5	u3.0	♦	3.8	♦
263	187	Norcros	258	.....	†8.6	2.0	4.7	14.0
69	49	Nu-Swift 5p	67	+2	†3.0	1.9	6.3	10.9
96	80	Oakwood Grp	87	.....	5.0	1.3	8.1	12.1
235	203	Office & Elect	235	.....	†7.5	2.6	4.9	11.0
102	70	Oldacre 20p	98	.....	†4.0	2.6	5.7	8.7
36	25	Optometrics $0.01	25	–4	u02c	2.1	6.3	8.4
675	500	Ortmane £1	425	.....	24.5	♦	0.3	♦
10	8	Ovenstone 12½c	9	.....	φ0.23c	1.9	13.6	4.5
£275	£228	Ozalid 9pc Cnv 87-92	£265	+4	Q9%	—	13.4	—
100	95	PCT Grp 10p	95	.....	3.2	1.2	6.9	23.0

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
89	58	Leisuretime Int 10p	79xd	.....	2.3	♦	4.1	♦
115	100	Lewmar	112	–3	g2.65	3.0	3.3	13.8
220	170	Media Tech Int 20p	173	–5	L2.58	9.4	2.1	14.1
175	145	Medminster 10p	160	+10	†5.35	2.7	4.7	10.9
220	130	Miss World 10p	156xd	.....	5.2	♦	4.7	♦
78	62	Nationwide Leisure	74	–½	†3.75	2.5	7.1	6.6
17	10½	Ninudo Int 20c	13½	.....	—	—	—	—
34½	23	Owners Abroad 3p	34	.....	1.0	2.2	4.1	15.2
90	46	Photax (Lon.)	65	–3	—	—	—	—
34	28½	P'dilly Radio NV 5p	31	.....	2.0	1.2	9.1	13.1
50	37	Pineapple Dnc St 10p	44	.....	—	—	—	—
391	280	Pleasurama 5p	345	.....	7.5	♦	3.1	♦
178	156	Do. 7pcCvCmRedPf	166	+1	7%	—	6.0	—
134	89½	Pres Entertain 50p	124	.....	R2.0	2.1	2.3	29.4
35	18	Radio City 'A' NV	35	.....	—	—	—	—
37	33	Radio Clyde N/V	35	.....	9.25	0.9	15.1	11.4
369	328	Really Useful Grp 5p	330xd	.....	h11.25	2.2	4.8	13.6
64	53	RRey Leisure 10p	59	+2	—	—	—	—
230	195	Saga Hols. 20p	197	.....	4.6	♦	3.3	♦
356	260	Samuelson Grp 20p	325	.....	u2.4	4.0	1.0	25.5
111	73	Sanders Photo 10p	105	+10	φ2.8	1.9	2.7	27.4
175	142	Scarro 50p	150	–5	4.8	♦	3.8	♦
325	188	Scott. TV 'A' 10p	325	.....	10.5	♦	4.7	♦
294	173	SeaCo Inc $0.125	197	–6	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Dealt in under Rule 535(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♯♯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	118	.....
Craig & Rose £1	£13	.....
Finlay Pkg 5p	49	.....
Holt (Jos) 25p	770	.....
IoM Stm. £1	82	.....

IRISH

Stock	Price	+ or –
Fund 11¼% 1988	£102¼xd	.....
Nat 9¾% 84-89	£101	.....
Fin 13% 97/02	£124½	+½
Arnott	390	.....
CPI Hldgs.	62	–3
Carroll Inds.	212	+7
Dublin Gas	58	.....
Hall (R. & H.)	69	.....
Heiton Hldgs.	28	–2
Irish Ropes	70	.....
Unidare	187	.....

"Recent Issues" and "Rights" Page 38
(International Edition Page 38)

MARKET REPORT

Confidence returns and equity index rebounds 25 points to 1401.5

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

A wave of new-found optimism enveloped London equities yesterday and swept away the air of uncertainty which had dragged leading stocks down for three consecutive sessions. The return of confidence was such that the FT Ordinary share index regained much of its previous three-day fall to record one of the largest ever gains in points terms to close 25 points up at 1401.5. Its sister index, the FT-SE 100 share, staged the biggest rise since compilation to end 31.3 higher at 1690.3.

From the outset investors decided that the recent fall in values had gone far enough. A continuation overnight of the buoyancy on Wall Street was a help and institutional investors, after being inactive over the first few days of the new financial year, began seeking buying opportunities. Large funds were directed initially at the Electrical sector, particularly at GEC and Plessey.

Demand quickly spread to embrace other blue chip issues and stocks shortages soon became evident in many areas of the market. Increased speculative activity in current favourites added froth to the upsurge. Reactionary movements were usually short-lived but some prices finally edged away from the session's highest levels.

Hopes of further cuts in bank base rates underpinned sentiment, taking firmer hold on the confirmation from Washington of the possibility of another round of international interest rate reductions. The late move by the *Bank of England in money* markets—Discount Houses were required to borrow funds for a week at penal rates—failed to dampen enthusiasm on this score.

Gilt-edged trading got off to a good start but interest faded on the authorities' firm hint, which is expected to delay cuts in base rates for at least seven days. *Longer maturities gave up small* early rises to settle around ¼ lower on balance but the shorts managed to retain morning improvements. Index-linked similarly pared their rises and ended only marginally better on the day.

Sedgwick sold

Speculation about the recent departure of a reinsurance executive brought selling pressure to bear on Sedgwick which plummeted to 353p at one stage before closing 18 down on balance at 360p. Other Lloyds Brokers drifted lower in sympathy with PWS International notable for a decline of 10 at 240p and Stewart Wrightson a reaction of 9 at 413p. Composite, on the *other hand, gave an impressive* performance. Perennial takeover favourite Commercial Union attracted persistent speculative demand and closed 12 to the good at 327p. Royals added 11 at 900p as did GRE at 935p, while General Accident firmed 9 at 933p.

Kleinwort Benson moved against the trend in merchant banks, falling 30 to 760p in the wake of a placing by stockbroker's Hoare Govett of over 2¼m shares at 755p, in connection with the acquisition of the business of Grieveson, Grant & Co. *Renewed support* ahead of the merger this week-end helped Mercury Securities touch a new peak of £10 before closing 7 better at 995p, while stockjobbers Akroyd and Smithers moved up 25 more to 830p in sympathy. Among buoyant Australian banks, Westpac reacted from an earlier firm level of 300p to close 8 up on balance at 295p following late news of the £67m acquisition of the bullion, foreign exchange and treasury business of Johnson Matthey from the Bank of England.

Awaiting further developments in the bid situation, Distillers rose 13 to 703p and Guinness firmed 11 at 351p. Elsewhere in the drinks sector, Vaux advanced 10 to 490p, after 495p, as rumours of a bid from Pleasurama resurfaced.

The Building sector displayed several good features with companies reporting figures prominent. John Laing rose 23 to 421p following annual profits above market estimates and a confident statement, while better-than-expected preliminary figures boosted Hewden Stuart 10 to 66p. John Mowlem firmed 6 to 412p despite revealing *annual profits* at the lower end of market estimates and Ruberoid moved up 25 to 270p in response to the good full-year figures. Buying ahead of next Wednesday's preliminary results lifted Higgs and Hill 18 to 568p. Elsewhere, SGB encountered profit-taking in the absence of any bid news and fell 18 to 346p, but Helical Bar attracted fresh support *and* firmed 4 more to 190p. In the Timber sector, Magnet and Southerns were active amid strong takeover rumours and closed 6 higher at 188p, after 192p, while new time demand left Phoenix Timber 9 to the good at 99p.

ICI revived strongly as rights issue rumours subsided and closed *18 higher at the day's best* of 934p.

Leading Stores regained composure after the sharp technical shake-out of the previous two trading sessions. Woolworth, still hopeful of a counter to Dixon's unwelcome offer, moved up 15 to 885p; the later were unaltered at 388p. Burton rallied 8 to 322p as did Storehouse to *328p*. Marks and Spencer improved 3 at 210p and Sears recovered a couple of pence at 142p. Elsewhere, speculative buying of Martin Ford for the new trading Account, on hopes of bid developments saw the shares reach 109½p before closing a net 4 better on balance at 107p. John Menzies put on 17 to 343p and Empire rose 8 at 194p. W. H. Smith "A" gained 8 to 322p on further consideration of the agreed bid for Our Price, unaltered at 630p. Blacks Leisure improved a penny to 14½p on new time demand.

Leading Electricals encountered a good demand which *sometimes found stock in short* supply. Plessey were outstanding at 222p, up 10, while GEC gained 8 to 198p and Racal were a like amount dearer at 194p. BICC were good at 358p, up 18; the company announced yesterday that it is seeking a listing for its Australian subsidiary. British Telecom improved 6 to 268p. Outside of the leaders, Oxford Instruments continued to make headway following the recent acquisition and closed 28 to the good at 565p. Renewed buying left Amstrad 14 better at 565p, while United Scientific, a poor market of late, rose 12 to 150p following settlement of the Alvis strike.

Engineers were highlighted by a sharp rise of 88 to 560p in *Pegler-Hattersley* on the bid from F. H. Tompkins; the latter, helped by the profits forecast accompanying the offer, put on 42 to 313p. Mckechnie, still reflecting hopes that Williams Holdings may return with a fresh offer, advanced 11 further to 224p. Renewed speculative demand lifted Hopkinsons 10 more to 230p, but Weir Group, the subject of F. H. Tomkins bid talk recently, fell away to 133p before rallying to close 2 off on the day at 137p. Spirax Sarco firmed 4 more to 186p in response to the preliminary results.

The Food sector featured a *strong revival among Retailers*. Argyll Group, currently engaged in battle with Guinness for control of Distillers, moved ahead strongly to close 17 higher at 375p. Dee Corporation touched 280p prior to closing 7 higher at 275p, while ASDA-MFI firmed 4 to 146p. Tesco also improved 4, to 372p and Albert Fisher put on 6 to 188p. Elsewhere, United Biscuits added 3 *to* 263p, after 265p; UB's bid for Imperial Group closes today. Bernard Matthews encountered further small buying in a restricted market and rose 15 to 760p.

Trusthouse Forte spurted 11 to 188p, after 190p, on revived takeover rumours.

Cookson react

Cookson came on offer following disappointing preliminary figures and fell away to 215p before recovering a little to close 27 down on the day at 520p. Wm Baird, in contrast, responded to the good annual results and proposed scrip issue with a rise of 35 at 605p. Also reflecting trading statements, Portals gained 10 at 810p, Evered 10 to 300p, and Fothergill and Harvey 5 to 170p. Revived bid hopes prompted a gain of 8 to 144p in Metal Closures. English China Clays, also the subject of further speculative demand put on 11 more to 368p. Asset injection hopes revived in Ashley Industrial Trust which touched 89p before settling 6 to the good at 85p. Rank Organisation continued to make headway at 877p, up 15, but Smiths Industries encountered further selling following comment on the preliminary results and fell 14 more to 291p. Among the miscellaneous industrial leaders, Boots were noteworthy for a gain of 7 at 273p assisted by traded option business. Glaxo took a turn for the better at £10¼, up ¼; the interim figures are scheduled for next Tuesday.

After Thursday's surge to 185p on takeover speculation, Boosey and Hawkes jumped to 225 on the announcement that the board had received a tentative bid approach before closing 5 higher on balance at 190p.

Jaguar gave easily the best performance in Motors, surging ahead to close 38 up at 474p in response to sustained buying by US operators. In a buoyant components sector speculative support lifted Airflow Streamline 9 more to a year's best of 47p while Charlie Brown's Car Parts advanced a similar amount to 147p. Jonas Woodhead, where IEP recently disposed of its stake and Carclo acquired an 18.49 per cent holding, added 4 more to 56p.

Bemrose highlighted Paper/Printings, jumping 31 to 183p in response to bumper preliminary results. David S. Smith rose 15 to 203p on speculative buying prior to being suspended ahead of the announcement that the company is engaged in discussions regarding a major acquisition. Valin Pollen, at 215p, retained an early gain of 10 following late news that merger discussions with Good Relations had been discontinued. Eucalyptus advanced 30 to 450p, while improvements of 6 and 16 respectively were seen in Geers Gross, 78p, and Bosse Massimi, 349p.

Stock Conversion continued to attract support on takeover hopes and touched 670p prior to closing 10 higher at 665p; Stockley, which holds a sizeable stake in Stock Conversion, firmed 5 to 82p, after 83p. MEPC, another current takeover favourite in the Property sector, rose 7 more to 350p, while Land Securities firmed 6 to 315p. Outside the leaders, Five Oaks attracted good support on asset injection hopes and gained 6 to 70p, while Connells put on 8 to 240p in anticipation of today's annual results. Mountleigh, still reflecting property development prospects in Yorkshire, rose 20 more to 840p, but profit-taking left recent favourite London and Edinburgh 35 lower at 680p.

News that a US Federal Appeals Court had ruled in favour of tobacco producers in a cigarette warnings case sparked off a heavy demand for Bats which closed 45 higher at 418p. Rothmans rose 6 to 154p and Grand Metropolitan put on 13 at 418p.

Oils gain ground

Hambro Trust improved 5 to 263p; the price in recent issues was incorrect.

The firm showing by crude oil prices following reports that Nigeria does not intend to increase output to take advantage of the shutdown of Norway's North Sea fields encouraged good support for the leading oils ahead of next week's OPEC meeting.

Shell moved up 7 to 760p, after 763p, and BP rose 5 to 570p, after 575p. Bid hopes continued to boost IC Gas, 5 up at 415p, but the outstanding performance in second-liners came from Burmah which raced ahead to close 27 to the good at a 1986 high of 364p following the increased full-year profits and dividend, the sale of the oil terminal in the Bahamas and the virtual elimination of its exploration activities. Hunting Petroleum followed Wednesday's *10 rise with a similar gain to* 120p, after 122p on further consideration of the increased profits and dividend.

Preliminary results a shade better than expectations saw Rio Tinto-Zinc rally from an initial 720p to 727p before a wave of selling on the absence of any news of the rumoured stake build-up depressed the quotation *to* around 705p. A subsequent rally left the shares a net 5 easier at 718p. Other UK-based financials moved narrowly.

Australia's BHP and Elders IXL soared on news that Elders had initiated a BHP buying programme in Australia overnight and built up a near 17 per cent stake in BHP. The move drew an immediate response from the Robert Holms à Court camp, currently bidding for BHP, whose interest promptly began acquiring a substantial stake in Elders. In London Elders IXL touched a record 235p before closing a net 55 higher at 228p while BHP were finally 33 up at 350p, after 355p. The Elders/BHP/Holmes à Court news fuelled the biggest-ever one day *rise* by "down-under" markets and other Australians to improve strongly in London included TNT, 7 up at 190p and CSR which put on 10 to 163p. Mining issues, although generally better, were largely overlooked. CRA, a firm market recently following the 7.5 per cent diamond price increase, added 12 at 350p

Traded options

Distillers returned to the fore in Traded Options with 1,909 deals transacted, while Lonrho and Bats were also fairly active recording 1,864 and 1,639 deals respectively. Total contracts done amounted to 20.045, slightly up on Wednesday's *level of 18.704.*

FINANCIAL TIMES STOCK INDICES

	April 10	April 9	Apr. 8	Apr. 7	Apr. 4	Apr. 3	year ago
Government Secs.	93.20	93.30	93.09	91.75	91.47	91.92	81.21
Fixed Interest	96.87	97.04	96.66	96.07	95.97	96.20	86.47
Ordinary ♥	1401.5	1376.6	1388.1	1400.9	1420.9	1425.9	957.4
Gold Mines	281.8	282.7	288.0	290.0	290.2	290.5	524.8
Ord. Div. Yield	3.83	3.89	3.87	3.83	3.76	3.77	4.77
Earnings, Yld. % (full)	9.35	9.60	9.43	9.34	9.19	9.18	11.96
P/E Ratio (net) (*)	13.35	13.04	13.14	13.26	13.48	13.48	10.19
Total bargains (Est.)	38,547	36,111	42,917	42,321	41,513	36,105	25,698
Equity turnover £m.	—	693.51	909.02	889.01	990.80	765.48	393.40
Equity bargains	—	32,510	38,030	46,089	47,481	46,000	23,198
Shares traded (m)	—	280.1	354.0	362.4	374.0	310.4	220.6

♥ 10 am 1382.1. 11 am 1385.2. Noon 1395.8. 1 pm 1400.2. 2 pm 1400.3. 3 pm 1401.8 4 pm 1403.1. Day's High 1403.1. Day's Low 1381.4. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.81.

HIGHS AND LOWS / **S.E. ACTIVITY**

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	93.50 (9/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.04 (9/4)	86.55 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	267.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

INDICES	Apr. 9	Apr. 8
Daily Gilt Edged Bargains	190.7	209.6
Equities Bargains	210.6	246.4
Value	1,401.8	1837.4
5 day Average Gilt Edged Bargains	180.4	177.7
Equities Bargains	272.2	285.8
Value	1,717.2	1724.0

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur April 10 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed April 9 Index No.	Tues April 8 Index No.	Mon April 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	727.71	+1.4	7.96	3.27	15.86	3.97	717.71	722.20	726.11	540.41
2	Building Materials (25)	819.16	+0.1	8.03	3.32	15.62	1.60	818.55	823.59	826.68	494.27
3	Contracting, Construction (28)	1147.37	+0.3	7.94	3.87	16.69	5.65	1143.60	1152.05	1147.80	700.02
4	Electricals (12)	2028.45	+2.6	6.93	3.74	19.14	2.14	1976.19	1984.22	1972.69	1558.04
5	Electronics (38)	1679.27	+3.3	8.74	2.71	15.03	8.56	1626.40	1633.52	1648.76	1649.59
6	Mechanical Engineering (64)	412.49	+0.4	8.71	3.69	14.32	2.63	410.97	416.16	416.81	303.74
8	Metals and Metal Forming (7)	333.52	+0.7	6.96	5.14	19.11	0.00	331.07	335.52	331.77	189.48
9	Motors (17)	294.08	+2.9	8.09	3.25	14.64	2.81	285.70	289.24	291.33	164.21
10	Other Industrial Materials (22)	1318.90	+0.9	6.32	2.97	18.92	11.08	1307.60	1305.74	1323.18	920.56
21	CONSUMER GROUP (185)	951.69	+2.0	7.18	2.97	17.61	4.33	932.84	943.57	949.58	629.20
22	Brewers and Distillers (23)	953.05	+1.7	8.27	3.20	15.40	4.15	937.49	944.53	956.25	560.74
25	Food Manufacturing (22)	689.17	+0.2	8.66	3.72	15.07	3.89	687.63	688.58	688.25	489.42
26	Food Retailing (14)	1937.25	+1.6	6.20	2.36	21.93	6.43	1905.85	1918.07	1919.19	1530.32
27	Health and Household Products (10)	1575.39	+2.1	5.02	2.07	23.40	1.51	1542.82	1562.58	1579.76	980.65
29	Leisure (24)	953.81	+1.8	7.48	3.66	17.37	10.07	936.73	946.42	946.81	653.11
32	Publishing & Printing (14)	2366.67	—	7.30	3.81	17.35	4.41	2365.73	2375.97	2371.37	1760.72
33	Packaging and Paper (14)	461.94	+0.7	7.74	3.40	15.55	1.89	458.81	462.09	463.34	305.43
34	Stores (44)	940.93	+1.6	5.84	2.37	23.23	1.32	925.71	945.84	958.10	591.80
35	Textiles (17)	569.88	+1.6	8.45	3.16	13.55	0.43	560.72	567.90	557.42	315.86
36	Tobaccos (3)	1186.71	+7.9	10.81	4.38	10.80	20.60	1099.53	1113.66	1118.62	876.80
41	OTHER GROUPS (85)	845.34	+1.4	8.13	3.48	15.70	4.78	833.43	843.96	848.45	671.22
42	Chemicals (19)	913.14	+1.3	10.11	4.37	11.94	14.93	901.41	906.21	913.72	736.91
44	Office Equipment (4)	273.31	+2.3	7.88	3.63	16.81	3.81	267.16	272.87	264.11	181.08
45	Shipping and Transport (12)	1665.03	+0.7	7.32	3.61	16.69	14.45	1652.84	1660.51	1665.21	1149.33
47	Telephone Networks (2)	1029.31	+2.2	8.01	3.14	17.13	0.93	1006.99	1027.18	1034.79	827.79
48	Miscellaneous (48)	1022.24	+0.4	7.04	3.24	17.48	2.67	1018.53	1026.75	1033.32	831.17
49	INDUSTRIAL GROUP (483)	876.23	+1.7	7.60	3.17	16.67	4.42	861.39	870.39	875.51	625.42
51	Oil & Gas (17)	1192.59	+1.1	18.29	7.56	6.45	38.50	1180.06	1183.19	1194.40	1171.87
59	500 SHARE INDEX (500)	905.12	+1.7	8.68	3.61	14.37	7.06	890.38	898.98	904.59	671.08
61	FINANCIAL GROUP (117)	624.59	+0.5	—	4.09	—	5.90	621.64	624.36	624.02	448.49
62	Banks (7)	683.19	+0.4	17.03	4.85	8.18	12.90	680.17	685.75	686.48	421.61
65	Insurance (Life) (9)	894.48	+0.3	—	4.09	—	4.56	891.51	891.98	887.59	673.24
66	Insurance (Composite) (7)	517.38	+1.6	—	4.00	—	4.28	509.46	512.44	510.84	333.81
67	Insurance (Brokers) (8)	1222.35	−1.9	7.30	3.83	18.85	11.87	1245.79	1257.02	1266.02	1142.92
68	Merchant Banks (11)	366.48	−0.1	—	2.87	—	1.60	366.90	365.26	369.43	238.79
69	Property (50)	749.75	+0.6	5.41	3.31	24.78	1.50	745.37	747.65	744.05	627.29
70	Other Financial (25)	354.61	+0.3	7.36	4.11	16.30	1.64	353.65	353.26	354.43	286.85
71	Investment Trusts (103)	752.12	+0.6	—	2.88	—	4.32	747.64	749.60	748.38	588.83
81	Mining Finance (3)	307.92	−0.5	10.79	4.97	10.79	1.60	309.45	315.12	320.65	303.35
91	Overseas Traders (14)	690.18	−0.1	12.52	5.98	9.49	8.09	690.73	695.27	702.43	653.32
99	ALL-SHARE INDEX (737)	822.62	+1.4	—	3.69	—	6.56	811.39	818.36	822.45	612.32

	Index No.	Day's Change	Day's High	Day's Low	Apr 9	Apr 8	Apr 7	Apr 4	Apr 3	Year ago
FT-SE 100 SHARE INDEX ‡	1690.3	+31.3	1690.9	1668.0	1659.0	1675.7	1688.5	1709.7	1717.6	1269.3

FIXED INTEREST

	PRICE INDICES	Thur Apr 10	Day's change %	Wed Apr 9	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	123.66	+0.05	123.60	—	3.43
2	5-15 years	147.57	−0.03	147.75	0.13	3.52
3	Over 15 years	157.46	−0.19	157.77	—	3.61
4	Irredeemables	177.56	−0.05	177.65	—	1.62
5	All stocks	142.30	−0.03	142.40	0.06	3.55
	Index-Linked					
6	5 years	112.10	+0.08	112.01	—	0.81
7	Over 5 years	114.88	+0.11	113.95	—	0.91
8	All stocks	113.72	+0.10	113.60	—	0.90
9	Debentures & Loans	124.17	−0.09	124.28	—	2.48
10	Preference	85.68	+0.08	85.62	—	2.17

	AVERAGE GROSS REDEMPTION YIELDS		Thur Apr 10	Wed Apr 9	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	7.94	7.95	10.74
2		15 years	8.45	8.42	10.63
3		25 years	8.46	8.43	10.18
4	Medium Coupons	5 years	8.89	8.89	11.61
5		15 years	8.82	8.79	10.93
6		25 years	8.78	8.76	10.38
7	High Coupons	5 years	8.98	8.99	11.71
8		15 years	8.94	8.93	11.09
9		25 years	8.90	8.88	10.51
10	Irredeemables †		8.51	8.51	10.02
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.50	3.52	0.0
12	Inflat'n rate 5%	Over 5 yrs.	3.54	3.55	0.0
13	Inflat'n rate 10%	5 yrs.	2.45	2.47	0.0
14	Inflat'n rate 10%	Over 5 yrs.	3.39	3.39	0.0
15	Debs & Loans	5 years	10.02	10.02	12.03
16		15 years	9.93	9.91	11.73
17		25 years	9.81	9.80	11.55
18	Preference †		11.19	11.20	12.69

‡Opening index 1668.5; 10 a.m. 1668.5; 11 a.m. 1671.8; Noon 1681.9; 1 p.m. 1686.3; 2 p.m. 1687.4; 3 p.m. 1689.4; 3.30 p.m. 1690.1; 4 p.m. 1690.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds.	418	+45
Burmah Oil	364	+27
Commercial Union	327	+12
Cookson	520	−27
Jaguar	474	+38
Laing (J.) A	421	+23
Pegler-Hattersley	560	+88
Racal Elects.	194	+8
Sedgwick	360	−18
Simon Eng.	230	+2
Tomkins (F. H.)	313	+42
Weir	137	−2

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Smiths Inds.	21	305	−13
Standard Chrtd.	21	873	−9
RTZ	20	723	−17
McKech. Bros.	19	213	+20
GKN	18	358	−12
Imperial Group	18	345	−4
Turner & Nwll.	18	233	+18
Beecham	17	406	−2
Cable & Wire.	17	690	−5
Glaxo	16	963	−14
BAT Inds.	15	373	−5
ICI	15	916	−5

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 56,383.

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included Norfolk Capital, TI Group, Ocean Transport and Trading, Comtech, Neepsend, British Benzol, Allied Plant, Sound Diffusion, Chartered, Folkes Hefo, C. H. Bailey, Sears, Jessups, John Brown, Dewhurst A, Hartons, Sangers Photo and STC. Wold and Guinness were dealt in for the put, while double options were arranged in Beecham and Ultramar.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Allotment price. ❋ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (167)

BRITISH FUNDS (32). LOANS (2). AMERICANS (3). CANADIANS (1). BANKS (3). BUILDINGS (7). CHEMICALS (1). STORES (3). ELECTRICALS (9). ENGINEERING (10). FOODS (4). INDUSTRIALS (30). INSURANCE (6). LEISURE (3). MOTORS (4). NEWSPAPERS (2). PAPER (8). PROPERTY (11). TEXTILES (2). TOBACCOS (1). TRUSTS (17). OILS (5). OVERSEAS TRADERS (1). MINES (2).

NEW LOWS (22)

AMERICANS (1) US Steel. CANADIANS (1) Abbot Energy. BUILDINGS (2) Douglas (R. M.), Ramus. ELECTRICALS (4) Continental Microwave, Norbain Elect., Pifco, Sigmex Intnl. INDUSTRIALS (4) Black (P.), Colorgen Inc., Courtney Pope, Optometrics. LEISURE (1) GRA. PROPERTY (1) Chesterfield. TRUSTS (2) Aitken Hume, Haw Par. OILS (2) Berkeley Expln., INOCO. MINES (4) Loraine, Balmoral Resources, Anglo-Utd Dev., Hampton Areas.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	45	34
Corpns. Dom. and Foreign Bonds	2	6	64
Industrials	405	289	801
Financial and Props.	171	52	346
Oils	29	11	89
Plantations	1	4	10
Mines	30	42	110
Others	71	56	73
Totals	741	506	1,517

LONDON TRADED OPTIONS

[illegible]

April 10 Total contracts 20,045 Calls 16,637 Puts 3,408 *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

April 10	Price Sch%	+ or —
Credit'nst'it pp *	2,340	+40
Goesser *	3,375	+75
Interunfall *	13,550	+30
Jungbunzlauer *	19,100	—300
Laenderbank *	2,110	+50
Perlmooser	585	—5
Steyr Daimler	179	—1
Veitscher Mag *	10,200	+210

BELGIUM/LUXEMBOURG

April 10	Price Frs.	+ or —
B.B.L.	2,945	+25
Banq. Gen. Lux	13,100	.....
Banq. Int.A.Lux	14,200	+100
Bekaert	12,850	.....
Ciment CBR	4,115	+15
Cockerill	167	+1
Delhaize	11,850	—50
EBES	4,770	—20
Electrobel	16,000	.....
Fabrique Nat.	2,570	—20
GB Inno BM	7,510	+20
GBL (Brux)	3,220	—40
Generale Bank	5,200	—190
Gevaert	5,650	+100
Hoboken	7,880	—60
Intercom	3,865	—85
Kredietbank	13,850	.....
Pan Hldgs	10,550	.....
Petrofina	7,460	.....
Royale Belge	25,000	+150
Soc. Gen. Belge	3,005	—5
Sofina	10,850	—125
Solvay	8,430	—20
Stanwick Intl	470	.....
Tractionel	6,100	.....
UCB	7,030	+30
Wagons Lits	5,680	+10

DENMARK

GERMANY

April 10	Price Dm.	+ or —
AEG	340	+6.5
Allianz Vers	2,615	—25
BASF	319	—3.8
Bayer	331.5	—5
Bayer.Hypo	650	—20
Bayer-Verein	613	+4
BHF-Bank	558	—12
BMW	567	—8
Brown Boveri	294	—3
Commerzbank	342.5	—1.5
Cont'l. Gummi	254.5	+5.5
Daimler-Benz	1,390	—18.5
Degussa	494	+1
D'sche Babcock	232	—3.3
Deutsche Bank	861.5	—6.5
Dresdner Bank	474.5xr	—5
GHH	252	+2
Henkel	446.5	—3.5
Hochtief	903	—3
Hoechst	314	—1.5
Hoesch Werke	180.5	—4.5
Holzmann (P)	690	—15
Horten	231	—6
Hussel	509.5	.....
Karstadt	378	—15
Kaufhof	457.2	—5.8
KHD	306	—6
Kloeckner	92.5	—2.5
Linde	722	—6
Lufthansa	274	—1
MAN	216	—1
Mannesmann	254	—1.5
Mercedes Hld	1,215	—20
Metallgesell	365	.....
Muench Rueck	3,880	.....
Nixdorf	629	—5
Porsche	1,224	.....
Preussag	248	.....
Rhein West Elect	259.5	—2.5
Rosenthal	376	—4
Schering	598	—3
Siemens	701.5	—12
Thyssen	181	—4
Varta	385	.....
Veba	325.5	—2
V.E.W.	189	+4

NORWAY

SPAIN

SWEDEN

ITALY

SWITZERLAND

FRANCE

Moulinex	104.8	—6.3
Nord Est	223.5	+3.5
Pernod Ricard	1,030	—80
Perrier	704	+4
Petroles Fra.	356	—3
Peugeot S.A.	1,067	—63
Printemps (Au.)	633	—16
Radiotech	850	—45
Redoute	2,000	—67
Roussel-Uclaf	1,650	+19
Sefimeg	511	+11
Skis Rossignol	1,360	—80
Telemec Elect	3,435	—25
Thomson (CSF)	1,150	—50
Valeo	560	.....

NETHERLANDS

Nedlloyd	180.5	—3.8
Oce Grinten	447	—2
Ommeren (Van)	33	—0.3
Pakhoed	64.3	+0.8
Philips	63	—0.7
Robeco	91.8	+0.3
Rodamco	141	.....
Rolinco	83.2	—0.1
Rorento	60.8	.....
Royal Dutch	195.1	+3.1
Unilever	424.3	—0.2
VMF Stork	295.5	—2.7
VNU	292	—0.5
Wessanen	272.5	+3.5
West Utr Bank	60.1	.....

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

AUSTRALIA

Aust. Cons. Inds.	3.6	+0.05
Aust. Guarantee	3.15	+0.05
Aust. Nat. Inds	3.15	+0.15
APM	3.62	+0.07
Bell Group	7.7	+0.1
Bell Res	4.80	—0.05
Bond Corp Hldgs	3.6	+0.16
Boral	4.8	+0.45
Bougainville	2.56	.....
Brambles Inds	6.6	+0.1
Bridge Oil	1.25	.....
B. H. Prop.	7.36	+0.76
Burns Philp	6.3	—0.1
CRA	6.9	.....
CSR	3.35	+0.2
Chase Corp.	7.5	.....
Claremont Pet	0.94	.....
Coles-Myer	5.9	.....
Comalco "A"	2.34	.....
Consolidated Pet	0.14	.....
Costain Aust	2.6	.....
Elders IXL	3.75	.....
Energ Res	1.6	.....

HONG KONG

SINGAPORE

JAPAN

Ito Yokado	3,580	+60
JAL	9,950	—340
Jusco	1,390	—10
Kajima	734	+20
Kao Soap	1,280	.....
Kawasaki Steel	160	—3
Kirin	1,130	+50
Kobe Steel	190	—3
Komatsu	477	—7
Konishiroku	683	—17
Kubota	345	—7
Kumagai	825	—4
Kyocera	4,490	—140
Marubeni	333	+2
Marui	2,220	+120
Mazda Motors	412	—3
Meiji Seika	670	+5
MEI	1,430	—80
M'bishi Bank	1,610	—40
M'bishi Chem	630	+8
M'bishi Corp	724	+4
M'bishi Elect	361	—11
M'bishi Estate	1,860	+90

SOUTH AFRICA

Anglo Am. Corp.	42.5	—0.75
Anglo Am. Gold	210	—10
Barclays Bank	19	—0.75
Barlow Rand	15.8	—0.15
Buffels	70	—1
CNA Gallo	2	—0.2
Currie Finance	5	.....
De Beers	23.5	.....
Driefontein	50.5	—1
F.S.Cons.	56.75	+2.5
Gold Fields S.A.	34.5	—5
Highveld Steel	5.4	.....
Malcor	9.75	.....
Nedbank	6	—0.25
OK Bazaars	13	.....
Rembrandt	50	—1.5
Rust Plat	33	.....
Safren	15.25	+0.25
Sage Hldgs	10.8	.....
SA Brews	9.15	—0.15
Smith (CG)	27.50	+1.25
Tongaat Huletts	8	.....
Uniseo	5.60	.....

CANADA

TORONTO

Prices at 2.30pm April 10

MONTREAL

Closing prices April 9

14600	Poco Pet	$8⅞	8½	8½	—⅜
7300	Powr Cor f	$29⅞	29⅜	29⅞	+⅜
1000	Precamb	355	355	355	—5
1200	Provigo	$19½	19½	19½	
2400	Que Sturg	390	385	385	—5
1000	Quebecor	$16¼	16	16⅛	—⅛
93100	Ranger	$5¼	5	5⅛	
5100	Rayrock f	$6⅝	6½	6½	—¼
33509	Redpam	$25	24⅝	24⅞	
10100	Regionl R	295	275	275	—10

871	BombrdrA	$20⅝	20⅜	20½	—⅜
27137	BombrdrB	$20	19¾	19¾	—¼
528	CB Pak	$27⅛	27⅛	27⅛	—⅛
80528	Cascades	$22½	21⅞	21½	—½
750	CIL	$34½	34½	34½	—½
1200	ConBath	$26¼	26⅛	26⅛	
27042	DomTxtA	$19⅞	18¾	19	+¼
2100	Gaz Metro	$27½	27½	27½	—⅛
7530	MntTrst	$22½	21½	22	+½
219847	NatBk Cda	$28¼	27¾	28	+¾

Indices

NEW YORK - DOW JONES

	April 10	April 9	April 8	April 7	April 4	April 3	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,790.23*	1,778.62	1,769.76	1,735.63	1,739.22	1,788.40	1821.72 (27/3/86)	1184.96 (4/1/85)	1821.72 (27/3/86)	41.22 (2/7/32)
Transport	788.89*	786.80	788.40	778.83	779.32	800.68	830.84 (31/3/86)	553.03 (4/1/85)	830.84 (31/3/86)	12.32 (8/7/32)
Utilities	188.65*	188.60	187.63	185.27	186.55	188.68	193.73 (31/3/86)	146.54 (4/1/85)	193.73 (31/3/86)	10.5 (28/4/42)
Trading vol	-	156 m	146m	130 m	147m	148m	—	—	—	—

	March 21	March 14	March 7	Year Ago (Approx)
Ind Div Yield %	3.65	3.68	3.77	4.82

STANDARD AND POORS

	April 10	April 9	April 8	April 7	April 4	April 3	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	260.88*	258.44	258.22	252.74	252.68	256.58	263.87 (27/3/86)	128.24 (4/1/85)	263.87 (27/3/86)	3.62 (30/6/32)
Composite	235.69*	233.75	233.52	228.63	228.89	232.47	238.97 (27/3/86)	163.68 (4/1/85)	238.97 (27/3/86)	4.40 (1/6/32)

	April 9	March 26	March 19	Year Ago (Approx)
Ind div yield %	3.09	3.05	3.08	3.88
Ind. P/E Ratio	16.67	16.80	16.71	11.14
Long Gov Bond Yield	7.34	7.84	8.01	11.53

N.Y.S.E. ALL COMMON

April 10	April 9	April 8	April 7	1985 High	1985 Low
136.93*	135.83	132.07	132.29	136.17 (14/3/86)	94.60 (4/1/85)

RISES AND FALLS

	April 8	April 7	April 4
Issues traded	2,055	2,032	2,039
Rises	980	1,387	871
Falls	667	316	889
Unchanged	408	329	379

NYSE-Consolidated 1400 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Navistar	4,556,000	10¼	+ ⅛	Philip Mor	1,398,300	131	+7
Beys Ind	3,121,500	46½	+2⅛	Hir-Wal	1,354,700	26⅝	+ ½
Jhsn Jhns	1,994,400	61¼	+2⅞	Beatrce Co	1,121,400	49¾	unch
ATT	1,674,500	22⅛	+ ⅛	IBM	1,061,000	150¼	+1
Sperry Cp	1,494,100	54¾	+1½	Gen Motors	844,800	84⅝	+1¾

Advances 1,022 Declines 521

TORONTO	April 10	April 9	April 8	April 7	1985/86 High	1985/86 Low
Metals & Minls	2,263.2*	2,258.40	2,273.3	2,278.7	2,442.85 (21/3/86)	1748.82 (31/10/85)
Composite	3,069.8*	3,059.10	3,039.50	3,039.9	3,059.1 (9/4/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,598.75*	1,587.81	1,569.53	1,572.4	1,587.0 (9/4/86)	1,209.49 (4/1/85)

* Indicates pre-close figure

	Apr. 10	Apr. 9	Apr. 8	Apr. 7	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1196.6	1153.9	1148.5	1148.5	1196.6 (10/4)	1010.8 (2/1)
Metals & Minls. (1/1/80)	560.8	548.0	545.8	545.6	682.8 (24/3)	492.5 (2/1)
AUSTRIA						
Credit Bk Aktien (2/1/62)	117.83	117.47	116.67	115.17	126.82 (15/1)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	36,1600	3618.92	3623.5	3662.89	3662.89 (7/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	248.77	246.77	246.71	248.77 (9/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	370.5	374.1	367.1	375.9	375.9 (7/4)	267.8 (2/1)
Ind Tendance (31/12/85)	142.6	142.7	142.7	144.5	145.4 (4/4)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	714.47	722.27	721.17	712.01	722.27 (9/4)	618.54 (27/2)
Commerzbank (1/12/53)	2164.8	2194.1	2192.0	2165.8	2194.1 (9/4)	1863.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1758.67	1752.34	1727.93	1681.60	1826.84 (8/1)	1559.94 (19/3)
ITALY						
Banca Comm Ital. (1972)	709.23	688.87	678.49	717.97	732.92 (2/4)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	15208.5	15110.2	15014.1	15062.0	15859.7 (31/3)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1215.58	1212.98	1203.49	1205.97	1265.95 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP-CBS General (1970)	268.0	268.0	267.0	270.1	270.1 (7/4)	240.4 (3/3)
ANP-CBS Indust (1970)	253.6	254.2	253.0	256.5	256.5 (7/4)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	348.71	346.64	352.16	355.99	402.91 (16/1)	341.33 (11/3)
SINGAPORE						
Straits Times (30/12/66)	576.21	580.33	581.56	585.22	644.89 (8/1)	569.66 (19/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1169.2	1216.6	1205.2	1597.9 (27/1)	1166.7 (18/2)
JSE Indust (28/9/78)	—	1127.1	1129.3	1151.2	1203.1 (20/3)	1089.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	154.30	155.05	158.07	159.15	182.56 (1/4)	100.83 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2258.73	2284.54	2252.55	2201.72	2284.54 (9/4)	1729.57 (29/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	605.0	603.1	600.1	599.5	625.5 (8/1)	564.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	505.1	501.6	296.9	509.5 (31/3)	249.8 (25/1)

** Saturday April 5: Japan Nikkei 15,124.33. TSE 1,210.59.

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes

(in pence unless otherwise indicated)

RISES

Airflow Stream	47	+ 9
Argyll Group	375	+17
Ashton Mining	83	+ 6
BAT Ind	418	+45
BICC	358	+18
Baird (Wm.)	605	+35
Bemrose	183	+31
B H Prop	350	+33
Burmah Oil	364	+27
Commercial Un	327	+12
Elders IXL	228	+55
Eng China	368	+11
Hewden-Stuart	66	+10
Hunting Petrol	120	+10
ICI	934	+18
Jaguar	474	+38
McKechnie Bro	224	+11
Oxford Inst	565	+28
Pegler-Hatt	560	+88
Plessey	222	+10
Ruberoid	270	+25
Tomkins (F H)	313	+42
Trusthouse	188	+11
Utd Scientific	150	+12
Woodhead (J.)	56	+ 4

FALLS

Cookson	520	—27
Kleinwort Ben	760	—30
SGB	346	—18
Sedgwick	360	—18
Smiths Ind	291	—14

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Continued from Page 41

Stock		Sales (Hnds)	High	Low	Last	Chng
Paychx		357	26¼	24½	26¼	+ 1½
PeakHC		68	15⅞	15⅝	15⅝	— ⅜
PegGld	.08	86	6½	6⅜	6½	
PennEn	2.20	75	40	39¾	39¾	+ ¼
Pentair	.72b	418	30¾	30½	30⅝	— ⅛
RustPel		201	11⅛	10¼	10¾	+ ½
RyanFs		752	27	26	27	+ 1⅛
S S						
SAYInd		66	10	10	10	
SCI Sy		288	19⅛	18½	18½	— ⅜
SEI		417	25	24½	24½	— ¼
StdMic		1924	16¾	16⅛	16¾	+ ⅝
Stanhm	1.52	402	37¾	36¾	37½	+ ¾
StaStBs	.64	263	50½	50¼	50½	
StateG	.05e	31	6¾	6¾	6¾	— ⅛
Steiger		7	5¼	5¼	5¼	+ ⅛
StewSlv		45	15¼	15	15¼	+ ⅛
Stwinf	.72	1180	23½	23	23¼	
USShelt	.12	61	3⅞	3¾	3⅞	+ ⅛
US Sur	.40e	375	25⅜	24⅜	24⅜	— ⅛
US Trs	1.32	115	54¾	54¼	54¾	+ 1
USstatn	.24	1054	23¾	22¾	23¼	+ ½
UnTelev		26	28½	28⅜	28⅜	
UVaBs	1.84	71	57⅞	57⅛	57¼	— ⅛
UnvFrn		43	33	32¾	32¾	+ ¼

Prices at 2pm, April 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
24	10⅝	AAR s			20	6	21¾	21¾	21¾	
36⅞	17¼	AFG			17	341	u36½	36⅛	36½	+⅞
25⅝	10¼	AGS			15	71	21½	21	21	−⅛
15	8⅞	AMCA				3	14	14	14	+⅛
57⅞	37½	AMR			9	2043	54½	53¼	54¼	+1
25¾	23½	ANR pf	2.67	10		2	u25⅞	25⅞	25⅞	+⅞
21⅝	19	ANR pf	2.12	9.7		2	u21¾	21¾	21¾	+⅛
12½	7⅝	APL			7	1	11¾	11¾	11¾	+⅛
16¾	10⅝	ARX			13	48	14⅛	14⅛	14⅛	+⅛
55⅝	32¾	ASA	2a	5.5		714	36½	36⅛	36¼	−⅛
18⅝	10½	AVX		2.1		102	15¼	14⅞	15⅛	+⅛
31	22½	AZP	2.72	8.7	8	798	u31¼	30⅝	31⅛	−⅛
86¾	49½	AbtLab	1.68	2.0	22	1391	83⅞	82⅞	83⅝	+1
31⅞	19⅝	AccoWd	.50	1.7	21	28	29⅞	29¼	29⅞	+⅛
24¾	10	AcmeC	.40	3.0	19	25	13⅜	13⅛	13⅜	−⅜
9¼	7	AcmeE	.32b	3.9	15	3	8¼	8¼	8¼	
19¾	16⅛	AdaEx	1.90e	10		32	19⅛	18⅞	19	
29	14	AdmMl	.40	1.5	12	1	27	27	27	+⅛
20⅝	8¾	AdvSys	1.36t	7.4	17	53	18⅝	18	18⅜	+⅜
33½	22⅛	AMD				3665	30⅛	29⅞	30	+1
12⅝	8¼	Adobe n				14	9⅜	9	9⅜	+⅛
18⅝	14⅝	Adob pf	1.84	11		85	16½	16½	16½	
20¼	15¼	Adob pf	2.40	12		47	19½	19½	19½	
17¾	8⅛	Advest	.12a	.8	15	102	15⅞	15⅝	15¾	−⅛
66¼	39⅛	AetnLf	2.64	4.1	17	2445	64¼	63⅝	64¼	+⅛
57½	52⅛	AetL pf	4.97e	9.4		2	53	53	53	
101	99¾	AetL pfC	2.55e	2.5		1	100¾	100½	100¾	+⅛
69¼	29	Ahmns	1.38	2.2	8	1022	64⅛	63	63⅞	−⅛
4¾	2⅞	Aileen			80	79	4	3⅞	4	
82⅝	47	AirPrd	1.48	1.9	16	177	77¾	76½	77¾	+1
27¾	17½	AirbFrt	.60	2.4	18	47	25¾	25¼	25⅜	−⅜

Continued on Page 41

ملك أمين الحصل

NYSE COMPOSITE PRICES

Prices at 2pm, April 10

Continued from Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, April 10

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Rate hopes overcome restraint

FOLLOWING West Germany's decision to keep key interest rates unchanged, Wall Street readjusted its timetable for an early cut in the federal discount rate yesterday, *writes Terry Byland in New York.*

Also restraining investors at first were the uncertainties surrounding world oil prices and tension between the US and Libya.

However, with the arguments for an early reduction in discount rate reaffirmed by a federal runds rate at 7 per cent, the credit markets continued to look for a move by the Fed within the next trading week.

Both markets were moving ahead at midsession as Dr Albert Wojnilower of First Boston told a business conference in San Francisco that "substantial further interest rate declines" are likely.

Wall Street expects today's federal data on retail sales and producer prices to provide significant evidence on the pace of the US economy and thus the need for a cut in the discount rate.

The stock market forged ahead when the traditional yardsticks were distorted by special factors. Support for IBM ahead of its statement due today fuelled the blue-chip advance.

At 1pm, the Dow Jones industrial average was 11.61 up at 1,790.23.

Prospects for IBM's first-quarter results hung over the stock market. Analysts regard $2 a share earnings at IBM as the significant pointer to the near-term outlook both for Big Blue and the rest of the equity market. After a dull start, IBM moved forward $⅞ to $151⅛ in brisk turnover.

The Dow was boosted by a second round of substantial gains in tobacco stocks, celebrating a federal appeals court ruling that legal liabilities are adequately protected by the health warnings already printed on cigarette packets.

Philip Morris jumped $6½ to $130½, and R. J. Reynolds $1¾ to $46⅛, both in very heavy turnover. American Brands at $84½ gained $3¾.

NYSE turnover was boosted by the largest block deal ever traded on the exchange, measured either by volume or dollar value. Salomon Bros and Shearson Lehman crossed a 48.8m block of stock in Navistar, formerly International Harvester, at $10 a share – exceeding the previous record $423m block deal in Superior Oil in June 1984.

The bulk of the Navistar deal was a secondary offering of 43.5m shares sold by the main lenders to the farming equipment group, which swapped debt for equity this year.

The market was able to take the Navistar deal in its stride, with the stock easing $¼ to $9⅞.

Banking issues continued to forge ahead as the results season blossomed. Chemical New York at jumped $2¼ on higher earnings, with J. P. Morgan bounding $4¾ to $83 in further response to Wednesday's news of excellent profits.

Also responding to trading statements were Bank of New York, up $2¼ at $65⅞ and Irving Bank, up $⅛ at $53. Chase Manhattan gained $1⅜ to $47½ and Citicorp $⅛ to $48¾, both awaiting results.

The flow of results from the industrial sector paused, but the retail sector disclosed modest sales gains in March.

Only Wal-Mart, announcing a 19 per cent sales gain, stood out, gaining $1 to $40¼. Sales reports left Sears Roebuck down $½ at $47 and J. C. Penney, down $⅛ at $67⅜. Speculative favourite Federated Department Stores put on another $1⅞ to $78⅝.

But the Detroit car stocks responded to the hint that consumer spending might be picking up. At $84¼, General Motors added $1¼, Ford rose $1⅛ to $81¾ and Chrysler gained $1⅛ to $42.

Also helping car stocks was a report from the American Petroleum Institute that US motorists were increasing petrol purchases.

General Electric eased $⅛ to $76 in belated response to the trading figures. Other heavy industrials looked mixed, with Minnesota Mining down $⅛ at $98.

The stock market began to outrun the credit markets in early afternoon, as confidence ahead of IBM's results seeped through to the rest of the equity sector.

In the credit market, short-term rates edged higher at first but turned back as federal funds weakened from an opening of 7⅛ per cent. Bond prices opened firmly, but lost momentum after the Bundesbank decision was announced.

TOKYO

Domestic features in foreground

DOMESTIC DEMAND-related stocks were bought briskly toward the close to drive share prices sharply higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 93.99 from the previous day to 15,203.57. Volume totalled 437.58m shares against Wednesday's 451.07m. Gainers led losers by 478 to 385, with 113 issues unchanged.

But market activity was only moderately bullish. Institutional, foreign and individual investors, concerned over the uncertain market outlook, remained on the sidelines, leaving other participants to trade for short-term capital gains.

Hitachi Seiki jumped Y61 to Y562 on rumours of speculative buying. It was the second-busiest issue with 10.34m shares changing hands. Nitto Boseki rose Y25 to Y574 and Nichiro Gyogyo Y9 to Y334, while Aichi Tokei Denki scored a daily limit gain of Y100 to Y860.

Some pharmaceuticals attracted purchasers, spurred by talk of new drug development. SS Pharmaceutical leaped Y32 to Y932 and Banyu Pharmaceutical Y29 to Y954.

Investor interest in housing-related issues remained strong, reflecting Tuesday's announcement of a government economic package, which calls for more housing construction among other things.

Daiwa House topped the active list with 11.99m shares traded and added Y30 to Y1,310. Sekisui House advanced Y10 to Y1,140, but recently selected Shokusan Jutaku came under profit-taking pressure to close Y9 lower at Y648.

Blue chip electricals and precision instruments declined on a wide front, undermined by reports that earnings at semiconductor makers would deteriorate further in the business year ending March next year.

Hitachi was sold heavily to finish Y33 lower at Y795. NEC shed Y50 to Y1,370, Matsushita Electric Industrial Y80 to Y1,430 and Canon Y60 to Y1,060.

Bond prices made a weak start, depressed by the slump on the bond futures market. But prices turned higher later on light buying.

After rising to 4.930 per cent from Wednesday's 4.770 per cent, the yield on the 6.2 per cent government bond due in July 1995 declined to 4.8 per cent.

CANADA

AFTER Wednesday's record close, shares surged into as yet uncharted territory in Toronto yesterday.

Industrial issues gained while oil and mining stocks traded lower. Dome Petroleum lost 20 cents to C$1.90 after news this week that its ability to continue trading depended on lender acceptance of its debt deferral plan.

Hiram Walker added C$⅝ to C$36⅝ as the Ontario Supreme Court rejected the Olympia and York attempt to halt a competing bid for Walker and the sale of its liquor business to Allied-Lyons.

Montreal was also higher.

HONG KONG

PROFIT-TAKING after five consecutive stronger sessions left issues mixed, and the Hang Seng index ended up 6.23 at 1,758.57 after dropping 14 points earlier in the day.

Hongkong Bank was unchanged at HK$7.95 and Swire Pacific lost 75 cents to HK$37.50. Both groups own airline Cathay Pacific which announced yesterday it would place 7.5 per cent of its shares with three local companies ahead of its proposed public flotation.

Hutchison Whampoa, up 40 cents at HK$28.30, and Cheung Kong, steady at HK$20.50, will between them purchase a 5 per cent stake in Cathay.

EUROPE

Foreigners shift focus of attention

THE WITHDRAWAL of foreign support yesterday from some of the record-setting European bourses cooled the ardour of many domestic investors and forced a slower, but still confident, performance. Where overseas buyers did surface, the effect was immediately visible.

Frankfurt was gripped by a technical downturn after the three peaks established earlier this week. The Commerzbank index retreated 29.5 to 2,164.6 in a spill-over of the profit-taking that started late on Wednesday.

The favourites of recent days were mauled. Daimler, under the shadow of an expected major capital increase soon, retreated a further DM 19.50 to DM 1,390 and Volkswagen turned DM 6 cheaper at DM 632.50. Porsche managed to taunt the other car makers by again resisting the dominant trend by holding steady at DM 1,224.

The reporting season continued among banks as BHF revealed a 13.5 per cent rise in partial operating profits to DM 140m. It lost DM 12 to DM 558 while Commerzbank slipped DM 1.50 to DM 342.50 despite its 31 per cent surge in 1985 earnings. Deutsche Bank lost DM 6.50 to DM 861.50.

Hoechst also moved lower despite Wednesday's sharp rise in pre-tax profits. The chemical group dipped DM 1.50 to DM 314 while Bayer succumbed to a DM 5 setback at DM 331.50.

Electricals were more mixed with Siemens down DM 12 to DM 710.50 and AEG jumping DM 6.50 to DM 340. Computer group Nixdorf fell DM 5 to DM 629.

Brown Boveri lost DM 8 to DM 567 after securing a significant Iranian power station order.

The bond market turned quieter with long-dated issues shedding up to 20 basis points and shorts managing gains of 15 basis points in some areas.

The caution evident in the bond market stemmed from fresh doubt over Bundesbank intentions to cut key lending rates and the fear that the move to lower rates in the US may have run its course.

The central bank still managed to sell DM 35.8m worth of domestic paper compared with Wednesday's sales of DM 109.1m, and the average yield on public authority bonds remained unchanged at 5.47 per cent.

Milan enjoyed a strong overseas-inspired technical recovery from Wednesday's brief shakeout. The Banca Commerciale index moved 19.36 higher to 708.23, reflecting continued confidence in most sectors.

Montedison rose L170 to L4,090 amid plans to expand its holding in the US chemicals group Erbamont Pharmaceuticals.

The absence of foreign buyers in **Stockholm** stopped the record run in its tracks after eight consecutive peaks despite the settlement of the white collar workers strike. Gains of SKr 10 apiece were managed by Saab Scania at SKr 740 and Skandia at SKr 860. Swedish Match also moved against the trend with its SKr 15 jump to SKr 375 while Volvo lost SKr 10 to SKr 373 ahead of plans to upgrade a factory and components plant. Pharmacia continued to lose ground with another SKr 6 decline to SKr 230.

The labour strike in **Oslo** failed to halt a broad bourse advance. Norsk Data recouped NKr 6 of its recent losses to end at NKr 449 and Elkem advanced NKr 4.50 to NKr 119.50.

Brussels derived more benefit from Wednesday's rate cut but prices ended mixed in heavy trading.

Solvay, due to report next Friday, gave up BFr 20 to BFr 8,430 while Gevaert declined BFr 100 to BFr 6,650 in response to Wednesday's figures.

Paris lost ground. Bouygues featured, however, with a FFr 29 rise to FFr 1,080 after it offered to make a full bid for the troubled Screg building group.

Peugeot shed FFR 63 to FFr 1,067 against a background of lower industry sales for March, although foreign car imports had actually risen. Peugeot sales fell 13.5 per cent to 53,400 units.

The bond market was assailed by a record FFr 26bn tender issue of 10-year state bonds with an average yield of 7.83 per cent.

A stronger **Zurich** featured Sulzer SFr 240 higher at SFr 2,940 after announcing a one-for-six rights issue and resuming dividend payments. Adia jumped SFr 175 to SFr 5,575 on record results for 1985 and plans for an issue of new participation certificates at favourable rates. Alusuisse shed SFr 5 to SFr 740 ahead of plans to sell its Ormet smelter in the US.

A mixed **Amsterdam** witnessed Heineken lose some of its sparkle with a Fl 14 drop to Fl 218.20 after results, while bonds were little changed.

Copenhagen was mixed as East Asiatic, proposing a one-for-two rights issue, dipped DKr 3 to DKr 285. **Madrid** was led lower by banks in quiet trading.

LONDON

OPTIMISM about further base rate cuts swept London higher as investors decided that the recent fall in values had gone far enough.

The FT Ordinary share index recouped much of its previous three-day fall to record one of the largest gains, and ended 25 up at 1,401.5. The FT-SE 100 staged the biggest rise since compilation to close 31.3 higher at 1,690.3.

Large funds were directed at Plessey, up 10p at 222p, and other issues to record strong gains included Elders IXL, 55p higher at 228p, Jaguar 38p ahead at 474p and BAT Industries 45p up at 418p.

Interest in gilts faded after a good start. Longs ended around ¼ lower but shorts managed to keep early gains.

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AUSTRALIA

FRANTIC buying of BHP and other blue chips pushed Sydney to peak levels yesterday.

The All Ordinaries jumped 43.9 to a record 1,197.7, surpassing its previous peak set on March 25. The All Industrials surged 57.5 to 1,865.2, eclipsing the previous session's record.

Elders IXL bought more than A$1bn worth of BHP shares, driving the price up 74 cents to A$7.32. Elders, the white knight to defend BHP against the Bell Resources takeover bid, said it now holds 16.6 per cent of the oil, steel and mining conglomerate.

Bell Resources lost 5 cents to A$4.80 while Elders added 75 cents to A$4.50.

SINGAPORE

THE DOLDRUMS appeared firmly entrenched in Singapore as share prices fell further.

Most active issue, Singapore Airlines, considered by most analysts as the last bastion of significant institutional interest in the depressed market, slid 15 cents to S$5.90.

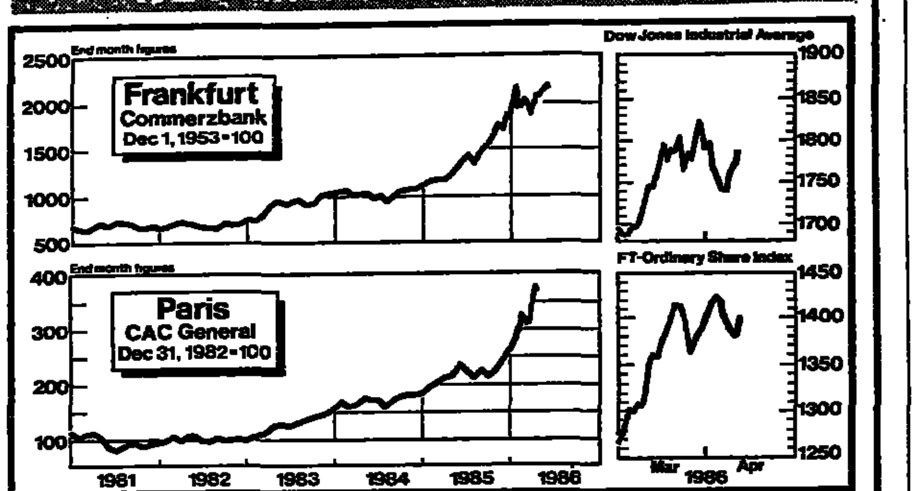
Raleigh lost 3 cents to S$1.70, Genting 4 cents to S$3.54 and DBS another 4 cents to S$4.40.

SOUTH AFRICA

FURTHER profit-taking extended the losses in Johannesburg as bullion continued its listless performance and depressing news was released on corporate profits.

Among companies to report earnings down for the quarter were Kloof, off 50 cents at R21.50, Driefontein, R1 lower at R50.50 and Gold Fields SA R3 down R34.50.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 10	Previous	Year ago
DJ Industrials	1,791.67*	1,778.62	1,259.94
DJ Transport	789.50*	786.80	593.11
DJ Utilities	189.06*	188.60	154.90
S&P Composite	235.92*	233.75	179.42
LONDON			
FT Ord	1,401.5	1,376.5	957.4
FT-SE 100	1,690.3	1,659.0	1,269.3
FT-A All-share	822.62	811.39	612.32
FT-A 500	905.12	890.38	671.08
FT Gold mines	281.8	282.7	514.8
FT-A Long gilt	8.90	8.88	10.53
TOKYO			
Nikkei	15,203.57	15,110.18	12,601.9
Tokyo SE	1,215.50	1,212.98	985.18
AUSTRALIA			
All Ord.	1,195.6	1,153.9	853.2
Metals & Mins.	560.0	548.0	548.4
AUSTRIA			
Credit Aktien	117.83	117.47	74.05
BELGIUM			
Belgian SE	3,618.00	3,619.92	2,268.27
CANADA	April 10	Prev	Year ago
Toronto			
Metals & Minls	2,263.2*	2,258.4	2,082.0
Composite	3,069.8*	3,059.1	2,625.7
Montreal			
Portfolio	1,598.75*	1,587.01	129.57
DENMARK			
SE	n/a	248.77	185 8
FRANCE			
CAC Gen	370.5	374.1	216.7
Ind. Tendance	142.6	142.7	77.0
WEST GERMANY			
FAZ-Aktien	714.47	722.27	416.8
Commerzbank	2,164.6	2,194.1	1,204.7
HONG KONG			
Hang Seng	1,758.57	1,752.34	1,470.61
ITALY			
Banca Comm.	708.23	688.87	273.49
NETHERLANDS			
ANP-CBS Gen	268.0	268.0	204.9
ANP-CBS Ind	253.6	254.2	163.7
NORWAY			
Oslo SE	348.71	346.94	313.26
SINGAPORE			
Straits Times	576.21	580.33	806.78
SOUTH AFRICA	Apr 10	Prev	Year Ago
JSE Golds	–	1,169.2	1,089.2
JSE Industrials	–	1,127.1	831.0
SPAIN			
Madrid SE	154.30	155.05	82.34
SWEDEN			
J & P	2,258.73	2,284.54	1,412.76
SWITZERLAND			
Swiss Bank Ind	605 0	603.1	418.8
WORLD	April 9	Prev	Yearago
MS Capital Int'l	303.1	301.6	201.1

COMMODITIES

(London)	April 10	Prev
Silver (spot fixing)	363.85p	364.55p
Copper (cash)	£970.50	£969.00
Coffee (May)	£2,292.50	£2,268.50
Oil (Brent blend)	$13.85	$13.40

GOLD (per ounce)

	April 10	Prev
London	$338.25	$336.25
Zürich	$338.10	$338.25
Paris (fixing)	$337.51	$337.65
Luxembourg	$339.30	$339.25
New York (June)	$340.40*	$342.70

CURRENCIES

(London)	US DOLLAR April 10	US DOLLAR Previous	STERLING April 10	STERLING Previous
$	–	–	1.4645	1.465
DM	2.334	2.334	3.4175	3.42
Yen	179.15	179.85	262.5	263.5
FFr	7.4275	7.4325	10.8775	10.8875
SFr	1.9515	1.951	2.8575	2.8575
Guilder	2.629	2.6295	3.85	3.8525
Lira	1,596	1,596.5	2,337.5	2,339.0
BFr	47.35	47.35	69.35	69.35
C$	1.38755	1.383	2.0235	2.0235

INTEREST RATES

Euro-currencies (3-month offered rate)	April 10	Prev
£	10½	10¼
SFr	4⅛	4 1/16
DM	4 9/16	4⅝
FFr	7 11/16	7¾
FT London Interbank fixing (offered rate)		
3-month US$	6⅞	6⅞
6-month US$	6⅞	6⅞
US Fed Funds	6*	6½
US 3-month CDs	6.55*	6.5
US 3-month T-bills	5.995*	6.01

US BONDS

Treasury

		April 10* Price	April 10* Yield	Prev Price	Prev Yield
7⅛	1988	101 2/32	6.54	100 31/32	6.59
7⅜	1993	101 25/32	7.04	101 15/32	7.1
8⅞	1996	111 20/32	7.20	111 10/32	7.24
9¼	2016	123 18/32	7.29	123 7/32	7.32

Treasury Index

Maturity (years)	Return index	April 10* Day's change	Yield	Day's change
1–30	152.65	+0.25	7.14	–0.02
1–10	144.00	+0.13	6.98	–0.02
1– 3	134.87	+0.05	6.73	–0.01
3– 5	146.12	+0.14	7.10	–0.03
15–30	163.76	+0.67	7.68	–0.03

Source: Merrill Lynch

Corporate	April 10* Price	April 10* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅜	10.14	100⅜	10.14
3⅞ July 1990	89⅝	6.77	89⅝	6.77
8¾ May 2000	99⅛	8.85	99⅛	8.85
Xerox				
10⅞ Mar 1993	108.26	8.1	108.26	8.1
Diamond Shamrock				
10⅞ May 1993	102	10.10	102	10.10
Federated Dept Stores				
10⅞ May 2013	109.82	9.6	109.82	9.6
Abbot Lab				
11.80 Feb 2013	111½	10.5	111½	10.5
Alcoa				
12¼ Dec 2012	110⅜	10.99	110⅜	10.99

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	103–12	103–13	102–17	103–04
US Treasury Bills (IMM) $1m points of 100%				
June	94.42	94.43	94.36	94.42
Certificates of Deposit (IMM) $1m points of 100%				
Dec	93.58	93.58	93.58	93.63
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.34	93.35	93.30	93.33
20-year Notional Gilt £50,000 32nds of 100%				
June	128–01	128–20	127–17	127–27

* *Latest available figures*